

Supermarket Business Management System

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1 - Executive Summary

Checkout -IT is a systems company focused on developing software solutions for retail stores. Nine years of continuous work and more than 200 facilities in this sector give us a solid experience, which is reflected in the versatility, stability and maturity of our products.

Our POS solution is characterized by implementing innovative technology to meet the needs not only of billing, but the entire administrative cycle of a supermarket company. We have extensive experience in providing solutions to companies that are required to handle high volumes of information and multiple stores which are geographically dispersed, implementing with our software work philosophies that , as we believe, can contribute to the efficiency, productivity and reducing operating costs of companies in this sector.

For those companies that have operations in ERP systems, we have knowledge of them, having already developed interfaces with BAS / CS and SAP. Our experience obtained by several ERP systems indicates that central control is useless if transactions are not recorded at the time and place where they are produced. Therefore, the solution to generate management information on a point of sale control system should operate near them, the managing of goods and funds should not be documented with delay. For this, the POS system to be integrated with a distributed management platform, which then consolidates and summarizes transactions in the ERP system.

With our solution you may, for example, obtain billing boxes in real time of each branch, detailing the own consumption, handling costs of merchandise and transfer

between stores, control purchases in a centralized way, obtain audit information consolidated on critical activities (cancellations, withdrawals, surrenders, staff checkin, etc. .).

In our experience, the key point is that the information should be generated by an integrated system that has consolidated and cross-checked the information, so that the reports are automatic, in addition to reducing operating costs and support, this prevents tampering or reporting errors caused by users, as it may occur in a system implemented using Excel spreadsheets for example.

2 - The Company

Checkout -IT Information Technology is a service provider and systems company established in Mar del Plata in 1995 , specialized in providing point of sale solutions for retail sector and gastronomy. Because of the technology used, these solutions are primarily aimed at companies that have high volumes of data and require a high level of reliability in the capture, processing and auditing of transactions.

We have a group of systems professionals with advanced technical knowledge and solid experience in the retail market, as well as 10 specialized technicians in diagnostics and troubleshooting, own vehicles and a network of distributors in the country and abroad technicians aimed at providing support to our customers. We provide support through telephone, remote control and onsite monitoring , event or contract , including service 7x24 365 days a year.

At our headquarters in the city of Mar del Plata, a branch is added in the Autonomous City of Buenos Aires and distributors in various parts of the country, Santiago de Chile and Mexico City.

3 - Our Products

Our main products as well as solutions for billing, administration, logistics and management control are **Checkout POS and Checkout Restaurant**, both the first pure client / server solution via Windows that integrates POS and management in a single database replicated.

Since the first installation in 1998 we pioneered the integration of information from branches to the central administration.

We have over 500 outlets installed in the country, plus more than 400 facilities in Chile - since 2002 - and Mexico - since 2003 - .

Our products allow you to operate as single points of sale to complex single-user installations spread across different geographic locations and interconnected by various mechanisms - magnetic media, email, direct links (leased line, VPN over Internet, etc. .) - . This feature can operate in isolation or centralizing information of all outlets in a central server or intermediate servers, the synchronization can be configured to be done manually - by an operator - or automatically - without human intervention - being in the latter case possible to set the time interval between them, which can range from 1 time per day , every 1 hour , 1 minute or even on-line .

A complementary product is **Checkout ON- LINE** allowing credit card authorization ON LINE using the ISO 8583 international standard on X.25 connections. **Checkout ON- LINE** interacts with **Checkout POS** and **Checkout Restaurant** allowing these

programs to authorize credit/debit card transactions straight from the box in less than 3 seconds. This system was approved by Visa and Posnet.

4 - Working philosophy behind the system Checkout

Our system was designed as a solution for managing retail companies, allowing the implementation of a series of control procedures ranging from purchase to sale.

Below we summarize some of the principles on which it is based:

4.1 - Values & Merchandise

Our control circuits are based on two real values, the ones that are collected in the boxes, and the merchandise which is in stock. All operations that increase or decrease these goods are affected by control processes which documents who is involved and responsible for the actions.

4.2 - Non- discretionary

The needs of the operation, determines that the one in charge of a box must take decisions that involve applying their own criteria, such as the application of discounts, fingering prices, cancellations, promotions and special prices by sector, etc. . Checkout allows implementing control mechanisms in the system so that the cashier does not have to decide when to charge, make a discount or a promotion, but that they are automatically applied according to established patterns. In this way trade policies are established in the system and it does not require the operator to have discretion in their application.

If the event can not be systematized, Checkout implements a control method that enables accountability for levels, so that the responsible for a task can only perform the assigned duties and, if necessary to exceed its powers, provided that a higher rank employee authorizes such transaction.

4.3 Distributed - Administration

Our philosophy is to recommend the principle that transactions should be recorded at the time and place in which they occur. Inventory control is itself a tedious, difficult task that requires a lot of diligence and discipline, if we add to this the extra factor that this control is implemented by recording receipts in subsequent days and an administrative office in which nature of controlled products is unknown, it is almost impossible that it is effective .

Therefore, Checkout can distribute transaction registration tasks to the outlets, issue deposits or backoffice offices premises, where the staff that actually deals with it is.

4.4 - centralize to reduce costs

There are certain operations that make up the administrative system of an organization, allowing considerably lower operating costs if they are centralized (shopping, personal control, vendor payments , etc. .) .

Checkout provides support for implementing policies of centralized or distributed at product purchases, according to the convenience of supply, cost and customer service that each case demands. It is possible to assign to each product, if it is

purchased centrally, in each local maintaining centralized management pricing or if all operative retail outlet is delegated.

The centralization of purchasing, maintaining price controls but distributing the control of receiving merchandise, is a very powerful negotiating tool, allowing lower prices for volume purchases, improving the quality of delivery, and establishing partnerships with major suppliers.

All critical operations in the system - which are control points - leave audit trails in it, which, together with the transactions are consolidated in the central administration. Checkout allows analyzing these data in order to detect irregularities, define operational standards and conduct audits. An example might be to follow individual operations such as query surrender (cash count) to determine schedules or unusual frequencies. The system has a remote monitoring tool, which allows you to see in real time what is happening in a point of sale, and further compare the images with which an operator is logging into the system at every instant using highly efficient technologies like Internet and webcams. You can configure events to capture images and archived in certain circumstances - for example when registering on the staff checkin or by authorizing a particular transaction, etc. . -

4.5 - Reports per system

Checkout centralizes tasks definition of master data (products, operators, waiters, prices, promotions, etc.) maintaining the consistency of data throughout the organization. Meanwhile, in a central server it consolidates all transactions (sales, inventory movement, purchasing, treasury, audit, control schedules, orders, etc.).

As a result, the entire enterprise - from those responsible for operations, managers, to the central administration - may be based on reports generated by the system based on existing data in the system, thus preventing users to build parallel circuits of data, and report information that does not arise from the control processes established and audited by the company. For example, a value can be a list of purchases generated in an Excel spreadsheet by the manager of a local, if there is no quick and easy way to verify if really all bills included in the report are actually approved and paid by the company.

4.6 - Performance Indicators:

The main goal of our solution is to provide information to support the decision process of the officers of the company. In some cases, the traditional reports are not practical, since when processing large numbers of transactions daily dimension numbers they represent lost.

Checkout has a dashboard, which consolidates key data at the enterprise level, region and sales store. This allows to know in one place the total turnover, budget developments compared to the projected cost of gross sales, discrimination by means of payment and slots, the inventory level, the relationship buy/actual sales, configurable indicators for goods movement operations (staff meals , confiscation , waste, etc. .) and the inventory difference .

These indicators compare local, management, time periods and detect abnormalities.

A paradigmatic case of the indicators is the inventory difference. It is extremely difficult to implement inventory management in supermarket operations as it involves hard work of data collection, process documentation, personnel training

and subsequent monitoring of the implementation. All this work should be carried out, but then the indicators do not yield exact figures; it is virtually impossible - except in very exceptional cases - that the inventory shows exact figures, but on the other hand, it is not possible to obtain information on performance and profitability without this control.

Our approach to this problem focuses on being as closely as possible to all the variables that make the inventory, in order to reduce errors that reflect a possible difference, and then use the difference of Stock/sell indicator to determine the effectiveness of management of merchandise and detect fraud or clerical errors.

6 - Administrative implemented tours Checkout:

6.1 - Cash Sales and Closings:

Cashiers bill daily using **Checkout POS**. These transactions are usually made by shifts and the ones in charge of the cash register enable to each cashier a billing preload endowment. The team operations are subject to the philosophy of the company, (fingerings, discounts, cancellations, etc.). They are assisted by the head of boxes for authorizations. The mechanics of carrying out the tickets is very simple and very quick to use, optimizing the time of customers in the post.

At the end of each cashier's shift, the cash manager will carry out a process called Closing Time, which details the total sales of each machine, the card total, effective, etc. . and total sales; Immediately after it issues an X report on the fiscal controller.

The manager is responsible for values and details using a module called Surrender Closing Time, which identifies the different means of payment, currency conversion - taking the price of the dollar system - and cash differences. This can be done at the point of sale or in the administrative office interchangeably.

If the manager, besides of the shift closure has to proceed to close the day, he should perform at the point of sale a process called Closing Day, which issues a report with the total of all tax shifts operated and fiscal Z.

At the end of each day the supervisor consolidates the closing of thee shifts in a process called Surrender Closing Day. This process allows to inform withholdings on the surrender of the day (expenses) and detail the fate of the values (deposit numbers, numbers on ticket batch card locks, etc.). The system issues a printed report of the closure of the day and this accompanies the securities or deposit receipts.

At the central administration physical reports are received, the dates and times of closure are monitored and these closures are available. Based on this information the treasury area generates seat sales and collection information with receipts issued, the means of payment for products received separately.

6.2 - Cart:

In central administration, the shopping area can be divided into departments with several tables of purchase. The purchasing agent enlists the items which will form the assortment of sale. He also reports the units of measurement in which they will be submitted, documents the agreed discounts and enters the price lists of suppliers; choose the method of supply of each product may be centralized (stores can not buy), distributed (central administration can not buy), or free (they can

both can buy). Additionally you can set limitations to receiving products that do not enter more than those set out in the purchase order or, as the caption, can exceed the order on a fixed percentage.

Always on central administration, the manager and his assistants concoct purchase orders for products of centralized purchasing, there they specify amounts, delivery conditions, due date, cost prices, which are then sent to the suppliers from the system by e- mail, or printed. These orders are delivered by the system at each location.

In the premises, purchase orders for products that are authorized are generated, taking cost prices set by suppliers and purchasing management. When arriving orders, they control the receipt of goods against the purchase order previously completed - locally or of central administration - . The one in charge of receiving the goods then controls the amounts and records prices at which it enters, issuing a document called receiving part. This report records the goods entering prices (order and invoice), the quantities (ordered, effectively sent and contained in the bill/dispatch order), informing at the footer, the cost of the potential differences between these values, for an adjustment to the provider's account.

Purchase orders received are sent by the system to the central administration, where you can get stats purchases by vendor, vendor ABC and products, analysis of historical purchase prices, etc. .

To close the control mechanisms, the system is based on two premises: merchandise that does not have any purchase order won't be received and invoice that does not have a receiving portion issued by the system won't be paid.

6.3 - Inventory Control:

In central administration, a schedules manager maintains inventory control guidelines articles and all operations are linked to the modification of stock.

At each point of sale, its managers document the movements of goods, entering the system seizures, junk, transfers to other branches, customer returns, etc. In addition, they place orders a supply center which analyzes and satisfies refer Shipping generating and updating the inventory of both sites.

Once a month, the heads of each POS perform a physical recount of the merchandise and enter that information to the system. The Inventory Manager uses a system process to compare against the theoretical stock generated by the system and thus obtain the inventory difference at each point of sale and warehouse.

As a result of this process the buy/sell ratio in real time of each local sales is obtained. They break down the cost of each local operations that are not related to the sale (food staff, display, waste, etc.) and cost inventory difference. This latter datum provides an indicator of performance in the management of goods and registration of the administrative operations of the inventory.

7 - Case Studies

7.1 SA - Hypermarkets Aragone

Retail Chain leader in the southeast of the province of Buenos Aires with 6 hypermarkets and more than 300 outlets. The headquarters was located in the city of Mar del Plata and had branches in the same city and in Tandil, Necochea and Olavarria.

This local chain owned 9000m2 average, 50 boxes distributed online, food court, shops, islands for specific products (hardware, jewelry, music, photo processing, and pharmacy) and playground boxes. Had 1200 employees and a turnover of U\$S 120 million a year.

The system processed an average of 80,000 daily records of 300,000 transactions during peak dates.

Installation Date: September 1998

Aragone closed its doors in 2002.

7.2 - LOGISTICS AGENCY OF MILITARY FORCES OF COLOMBIA - SERVIAGLO

ALFM is a Colombian government agency whose mission is to acquire goods and services for the armed forces of that country. Manage a supermarket chain (Serviaglo) that provides the service within military bases to enlisted, family and the general public. The system is installed in 50 stores located throughout Colombia.

Installation Date: December 2010

Contact: Capital Gladys Medina Ochoa

Phone: (571) 5 94 64 50 ext. 1160

Cedipa SA - 7.2 - Ferreterías ARGENFER

Cedipa SA is a company that provides hardware products wholesale and retail with 12 own stores and over 40 outlets.

From the central administration located in Mar del Plata local monitored in the same city, in Tandil, Olavarria, Necochea, Puerto Madryn and Caleta Olivia, all connected online via DSL access from the internet.

Installation Date: January 2000

Contact: Gustavo Ares - Manager

Phone: 54 - 223-4753157

7.3 – El Chivo SRL - Supermarket El Chivo

El Chivo is a supermarket chain operating in the western suburbs of Buenos Aires. It has 9 stores and 64 points of sale. The central administration is located in the city of Moreno and has branches in Pacheco, Merlo, Grand Bourg, Prudential and Tablada.

Installation Date: July 2000

Contact: Gabriel Franceschetti - Systems Manager

Phone: 54 - 237-4686403/4686192

7.4 SA -Jose Camarena – Ferreterías Camarena

Ferreterías Camarena is a trading company specialized in constructing materials integrating the MTS group located in the cities of Melpilla and Lolleo, Chile. It has 2 stores (one of 15000m2) and 40 outlets. Installation Date: August 2006

Contact: Osvaldo Mardones - Systems Manager
Phone : 56 - 02-4806700

7.5 - Impulsos Creativos SA - Jugueterías Educando

Jugueterías Educando is a toy store chain based on a franchise model with 9 branches and 20 outlets. Date first Installation: January 2007

Contact: Adriana Ferrero
Phone : 54 - 223-4806700

7.6 - Customers

7.4- Jose Camarena SA – Ferreterías Camarena

Ferreterías Camarena es un empresa comercial especializada en materiales de construcción integrante del grupo MTS ubicada en las ciudades de Melpilla y LLoñe, Chile. Posee 2 locales (uno de 15000m²) y 40 puntos de venta. Fecha de Instalación: Agosto 2006

Contacto: Osvaldo Mardones – Gerente de Sistemas
Teléfono: 56 – 02 - 4806700

7.5- IMPULSOS CREATIVO S.A. – Jugueterías Educando

Jugueterías Educando es una cadena de juguetería basado en un modelo de franquicias con 9 sucursales y 20 puntos de venta. Fecha de primer Instalación: Enero 2007

Contacto: Adriana Ferrero
Teléfono: 54 – 223 – 4806700

7.6- Otros clientes

| | |
|---------------------------------------|---|
| Supermercado Nexo | 3 Outlets – 15 POS Costa Atlántica Bonaerense. |
| Supermercados Aida S.A. | 3 Outlets - 12 POS Sta.Clara y Cnel.Vidal - Pcia Buenos Aires |
| Supermercados Unico | 2 Outlets - 9 POS Longchamps y Tristán Suárez - Pcia Bs. Aires |
| Supermercados Caballito Blanco | 5 POS Bolivar – Pcia.Bs. As. |
| Supermercados Roca | 4 POS Quilmes – Pcia. Bs.As. |
| Supermercados Superguay | 5 POS Gualedguay – Pcia. Entre Rios |
| Supermercados Sur | 5 POS Daireaux – Pcia. Bs. As. |
| Almacenes El Rincón | 5 POS Don Torcuato – Pcia. Bs.As. |

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| Supermercados Casco | 2 Outlets – 10 POS Maq. Savio – Cardales |
| Supermercados Amanecer | 5 POS La Plata – Pcia.Bs.As. |
| Autoservicio SOL | 8 POS Lisandro Olmos – Pcia.Bs.As. |
| Gurmandise | 2 POS Puerto Madero – Pcia.Bs.As. |
| Supermercado Punto Alem | 5 POS Mar del Plata |
| Supermercado ECO La Scala | 6 POS Pilar – Bs. As. |
| ALIMESA | 8 Outlets – 40 POS Veracruz - Mexico |
| SuperG / Super 7 | 5 Outlets – 22 POS Veracruz - Mexico |
| 24 Ever | 2 Outlets – 4 POS Tamaulipas – Mexico |
| La Especial | 3 Outlets – 15 POS Sonora - Mexico |
| Asociación de Colaboración Empresaria REALES | Purchasing group – 30 Supermarkets La Plata – Gran Buenos Aires |
| Supermercado Del Banco | Supermarket – 9 POS La Matanza |
| Supermercado El Sirio | Supermarket – 6 POS Palermo – Capital Federal |
| Supermercado Cosmos | Supermarket – 8 POS La Paz – Bolivia |
| GOTTE S.A. – Supermercado Gotte | 3 Outlets – 10 POS Entre Rios |
| PARBRAS S.A. – Supermercado Parbras | 3 Outlets – 18 POS Puerto Iguazú, Misiones |
| ATRES S.A. – Supermercado Impacto | 1 Outlet – 6 POS 9 de Julio – Buenos Aires |
| Supermercado La Sociedad | 1 Outlet – 5 POS Pehuajo – Buenos Aires |
| Supermercado EGA | 1 Outlet – 8 POS Pinamar – Buenos Aires |
| Supermercados Cooratiendas | 1 Outlet – 2 POS Bogota – Colombia |
| Supermercado Zamora | 3 Outlets – 20 POS Chile |
| Supermercado Marano | 1 Outlet – 6 POS Bolívar – Buenos Aires |
| Supermercado Gazzolo | 3 Outlets – 22 POS Formosa |