Types of POS System - A Detailed Guide | ComparedBusiness UK

What is a POS System?

A POS system, short for Point of Sale system, is a combination of software and hardware that processes customer transactions, tracks sales, and manages business inventory. Businesses of all types i.e. retail, hospitality, and mobile benefit from this system.

The term “point of sale” originally referred to the till or the checkout counter However, a POS system overall refers to both hardware and software.

The hardware consists of physical devices such as computers/tablets, barcode scanners, receipt printers, etc while the software manages all the tasks.

Types of POS Systems

There are four main types of this system:

1. Terminal

2. Mobile
3. Cloud-Based
4. Open-Source

1. Terminal POS System

Terminal POS systems are the most common type of POS systems. These allow businesses to manage sales on the spot. It is called “terminal” because it refers to a fixed point where all the sales transactions are initiated, processed, and finalised.

Hardware of terminal POS system:

A POS terminal comprises hardware and software components working together harmoniously. The hardware commonly includes:

- A POS terminal- Computer, tablet, smartphone. This POS terminal is different for each type of POS system
- Barcode scanner- to ring products and add their prices to the system
- Receipt printer- to print receipts for customers
- Card reader- to process cashless transactions
- Cash drawer- to manage cash efficiently

Best for types of businesses:

These systems are widely used in retail stores such as grocery, electronics, spas, salons; restaurants; and other businesses where transactions occur in person.

Pros of Terminal POS	**Cons of Terminal POS**
Offline operation	Requiring employee attention at all times
User - friendly	Lack of mobility
Durable	More space requirement
Secure connection with other hardware devices	Wear and tear of hardware

2. Mobile POS System

A mobile POS system refers to a POS system that can be operated through a handy screen such as a smartphone or a tablet. It typically works with a small hardware credit card reader that plugs into the headphone jack. It's mainly for processing transactions and additional functions such as employee and inventory management are limited in this case.

Hardware components of Mobile POS system:

- POS terminal : Mobile Device or Tablet
- Credit and Debit Card Reader
- Optional Mobile POS Stand (for convenience)

Best for types of businesses:

Mobile POS is best for small businesses that are on the go like street vendors, mobile hairdressers or market stalls, ice cream shops, fast food trucks, juice bars, and farmers market stalls. Mobile POS systems are not the best option for large businesses.

Pros of Mobile POS	**Cons of Mobile POS**
Mobility	Dependence on internet
Provides all the necessary POS features without the bulk	Devices are not durable
Cost-effective	Not suitable for large businesses

3. Cloud-Based POS System

A cloud-based POS system is based on remote servers over the internet instead of on-premises servers. As these systems are based on the Internet, they can be accessed remotely which gives them an advantage over terminal or mobile POS systems. They are also more flexible and adaptable and offer a modern approach to on-premises POS systems.

Hardware components of cloud-based POS system

Although cloud-based POS systems are mostly reliable on the Internet, they still require essential hardware to facilitate smoother transactions in business environments such as:

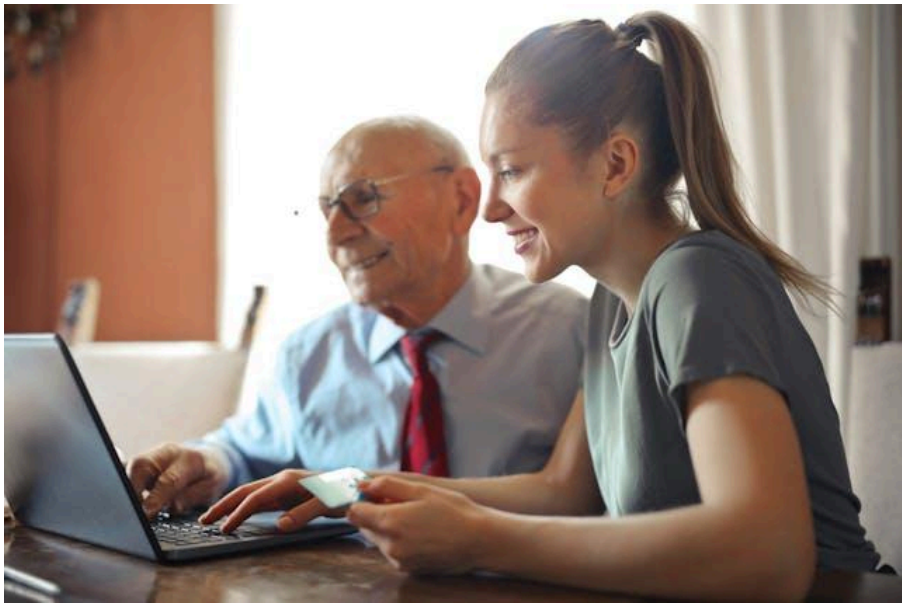
- A POS terminal -Computer, tablet
- Internet router
- Ethernet cables
- Barcode scanner
- Receipt printer
- Card reader
- Cash drawer

Best for types of businesses:

Cloud-based POS systems can be useful to a wide range of business types and sizes. However, they are particularly beneficial for certain types of businesses due to their flexibility such as small to medium-sized businesses, e-commerce businesses that have brick-and-mortar stores as well as online shops, seasonal businesses like stalls or holiday shops, mobile businesses, and businesses with multiple locations.

Pros of Cloud-Based POS	**Cons of Cloud-Based POS**
Accessibility	Depending on the internet connection
Ability to accommodate business growth	Not customisable
Lower upfront costs	Subscription costs for software

4. Open Source POS System



Open source POS (Point of Sale) systems are software solutions whose source code is freely available for anyone to view, download, and use. Source code is basically the blueprint for the software to operate.
Open-source POS systems are typically developed and maintained by a community of developers, which can include individual contributors, companies, and sometimes non-profit organisations.

Hardware components of open-source POS systems:
For open-source POS (Point of Sale) systems, the hardware components are similar to those used in terminal POS systems, since the primary functions (e.g., sales transactions, inventory management) are the same. However, the advantage of open-source systems is that they don't need specific hardware and can work with a broader range of hardware. The basic hardware for open source POS systems are:

- POS terminal: Computer/ tablet
- Internet router
- Ethernet cables
- Barcode scanner
- Receipt printer
- Card reader

Best for types of businesses:

Understanding and operating open-source POS systems requires a technical understanding to

modify the software code to your business needs. Open-source POS systems are particularly well-suited for a variety of businesses that want lower costs, have technical support in their team, and want control over their software like small to medium-sized enterprises (SMEs) tech-savvy retailers, startup businesses that want to spend minimum on POS systems, and seasonal businesses

Pros of Open-Source POS	**Cons of Open-Source POS**
Lower costs	Requires technical skills
Community support to some extent	Software security not guaranteed
Customisable	Responsibility for maintenance and update

How to Choose the Best Type of POS System for Your Business?

To choose the best POS system, you need to consider your business type, size, and needs. Before choosing the type of POS system for your business you need to consider the following factors:

- **The budget you have set aside for a POS system.**

If you are low on budget, you can go for a cloud-based POS system instead of a terminal POS as it requires fewer hardware devices.

- **The POS system features that are critical to your business's operations**.

For example, If you run a retail store and want a fixed point to handle sales at a counter, then a terminal POS system is probably what you need. But if you have a restaurant and want to take orders and payments right at the table, a mobile POS system would be a better fit.

- **Whether you need the ability to conduct business anywhere on your property, or a fixed point of sale?**

For example, if you run a busy cafe where taking orders and payments directly at customers' tables can speed up service, a mobile POS or cloud-based POS is ideal. On the other hand, if you own a retail store where transactions are handled at a fixed checkout counter, a terminal POS system would be the better choice.

- **Number of locations of your business**.

For a clothing store with one location, a simple terminal or mobile POS may be sufficient. However, for a business with a chain of restaurants across the city, you'll need a POS system that can manage operations across all locations at the same time. A cloud-based POS system is the best for such types of businesses.

- **Your business network setup, whether it is Wi-Fi-based or requires an ethernet connection.**

For a mobile coffee stall that changes locations throughout the week, a WiFi-enabled POS system such as cloud-based or mobile POS is essential for flexibility. However, for a large bookstore with extensive inventory and fixedPOS terminals, a terminal POS system that connects via Ethernet can provide the stability needed for required operations.

- **Data and business insights that you are hoping to get out of the POS system.**

For instance, a boutique looking for sales reports and customer purchase history to personalise marketing efforts might opt for a cloud-based POS system. On the other hand, a grocery store that requires real-time inventory updates and supplier order histories to efficiently manage stock might choose an advanced terminal POS system with strong inventory management capabilities.

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FAQS

What's the difference between terminal, mobile, cloud-based, and open-source POS systems?
Terminal POS systems are fixed, hardware-focused solutions ideal for retail and restaurants. Mobile POS systems offer portability and are suitable for on-the-go businesses like food trucks. Cloud-based POS systems run on internet servers, providing accessibility for businesses of all sizes, while open-source POS systems allow for customisation and are developed by a community, suitable for businesses with technical expertise.

How do I choose the right POS system for my business?
Consider your business size, operational needs, budget, and the type of customer transactions you handle. For fixed sales points, a terminal POS might be best. If mobility is important for your business, look into mobile or cloud-based systems. For customisation and control, open-source POS systems could be ideal.

Can I switch from one type of POS system to another if my business needs to change?
Yes, businesses can switch POS systems as their needs evolve. However, it's important to consider the transition costs, data migration, and staff retraining.

Are cloud-based POS systems secure?
Cloud-based POS systems implement strong security measures to protect a business’s data. However, ensuring your internet connection is secure and following best practices for data protection is also important.