NACS and Conexxus:
Convenience Retail Perspective on IoT

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Agenda

- History of Conexxus & what we do
- Advocacy
- Current Standards portfolio
- Creating an API Ecosystem
- Alliance with NACS
- Importance of IoT

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Conexxus History

1995	2003	2014
Technology Standards Project	PCATS	Conexxus Rebrand

Conexxus

✓ Not for profit

✓ Neutral forum with Anti-Trust and IP policies

✓ 190+ member companies who have an equal say regardless of size

- Retailers
- Suppliers
- Associations
- State Associations

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A Strong Technology Partner…

- ## We are independent & non-profit…
  – Expert volunteers, shaping the industry
- ## We set standards…
  – Data exchange, security, payments
- ## We provide clarity…
  – Emerging tech/trends; identifying & educating
- ## We advocate for our industry…
  – Open standards, innovation & competition
  – Technology is policy
- ## We improve profitability

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Representing the Industry…

- Conexxus technical advocacy
  - Identifies relevant standards & specifications
  - Engages with broad-industry "regulators"
  - Represents our industry anywhere needed
  - Ensurs fair and competitive landscape

…and Educating the Industry

- Webinars (webinars@conexxus.org)
- White Papers
- WeCare Program
- Annual Conference
- Tech Edge @ NACS Show
- Tech Research
- Field Trips

Active Committees

Business Committees

- Retailer Business Requirements
  - API Focus Work Group
- Membership & Marketing
- Technology Research Committee
- Standards Quality Assurance
- Technical Advisory Committee

Technical Committees

- POS/Back Office
- Device Integration
- EB2B
- Retail Financial Transactions
- Data Security

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Rewiring the Enterprise = Reducing Tech Debt
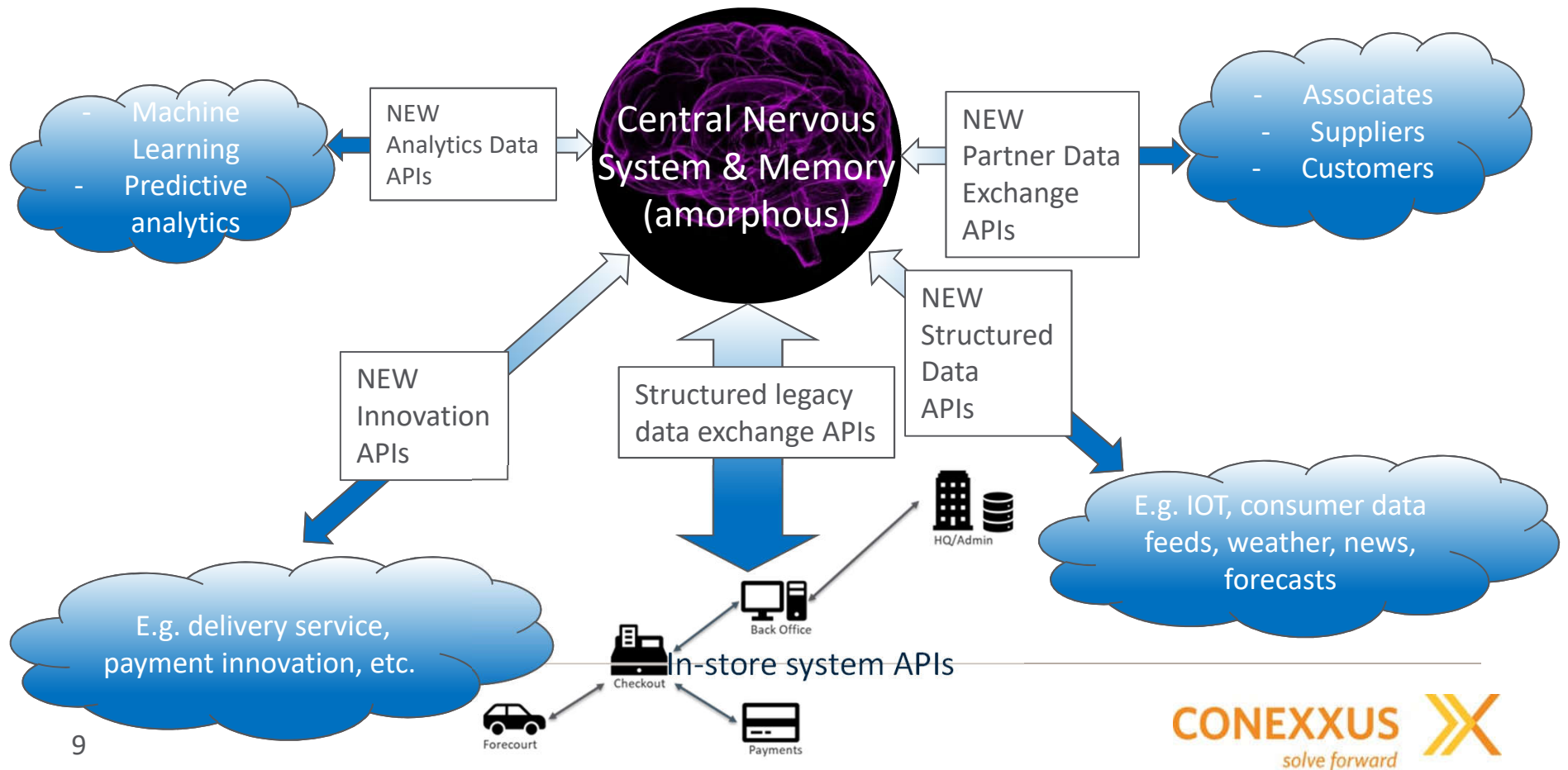
Active API Work

1. POS/Back Office (NAXML)
   - ✓ Food Service
   - ✓ Cloud POS Calculation APIs
2. EB2B
   - ✓ Retail Merchandise
   - ✓ Lottery
   - ✓ Motor Fuels
   - ✓ New opportunities exist here!
3. Data Security
   - ✓ Security Advisory WG
4. Device Integration
   - ✓ Site Asset
   - ✓ Forecourt Device Controller
   - ✓ Car Wash
   - ✓ **IoT**
   - ✓ Intelligent Cash Drawer

5. Retail Financial Transactions
   - ✓ Mobile
   - ✓ Loyalty
   - ✓ Digital Offers
   - ✓ EPS
   - ✓ P2PE
   - ✓ Payment System Product Codes
   - ✓ EMV Support
   - ✓ EMV Fleet
   - ✓ Gift Cards

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Open Retailing

- ✓ Global Collaboration between Conexxus & IFSF
- ✓ Home for Global Standards
- ✓ Data dictionary – Draft 0.1 – Seeking industry feedback
- ✓ APIs Guidelines – Published – Feedback Welcome
  - JSON
  - Transport
  - Security
  - OAS 3.0
- ✓ New standards…
- ✓ Updated versions of XML Standards…
- ✓ Incorporating new technology …

I ❤ APIs

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Alliance with NACS

- NACS represents 153,000 U.S. convenience stores

  – 600,000 global stores

- Powerful partnership with NACS

  – Helping shape public policy

  – Laser focused on industry success

NACS. Advancing Convenience & Fuel Retailing
convenience.org

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U.S. Convenience Market

- 153,000 stores
- 15% of retail locations
- Over 80% of transportation fuels
- 2.5M employed directly
- 17% of total retail sales (2017)
- Over 160M customers per day

Leading Merchandise Categories

Convenience Sees Share Erosion Four of Six Top Categories **NACS**

Cigarettes OTP Beer Package Beverage Salty Snacks Candy

Cross-channel % of Units

Convenience: 92.4%, 90.4%, 69.3%, 47.2%, 38.4%, 41.0%
Food: 5.0%, 1.4%, 27.2%, 46.2%, 53.9%, 35.3%
Drug: 2.5%, 7.4%, 2.9%, 4.4%, 4.5%, 16.9%
Mass: 0.0%, 0.8%, 0.6%, 2.2%, 3.3%, 6.8%
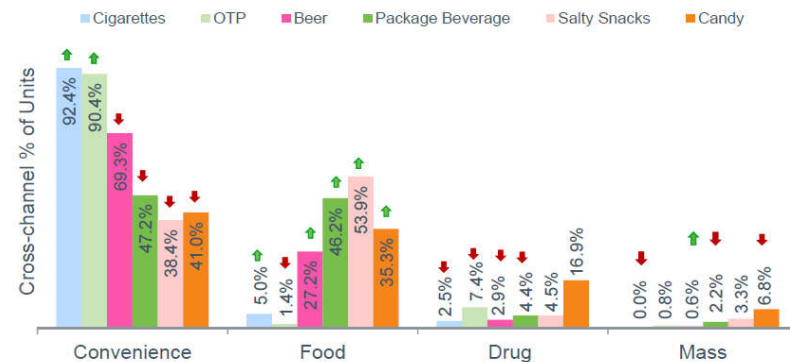
Source: Nielsen 52 Weeks Ending December 14, 2019.

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Strategic Headwinds

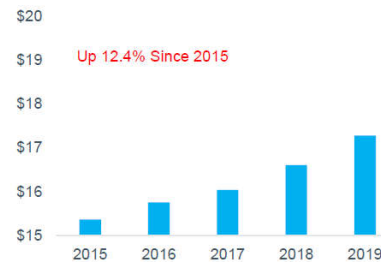Annually, DSOE Growth is Basically Equal to Inside GP$ Growth but the DSOE Trend Line is a Concern
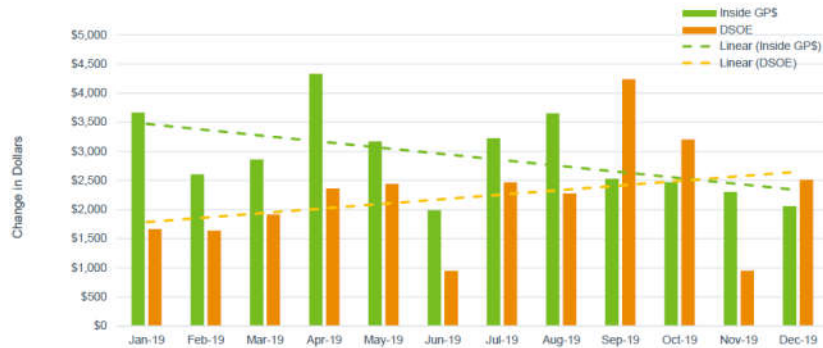
Source: NACS CSX Over Time 2018-2019

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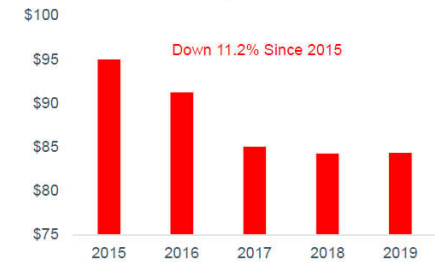

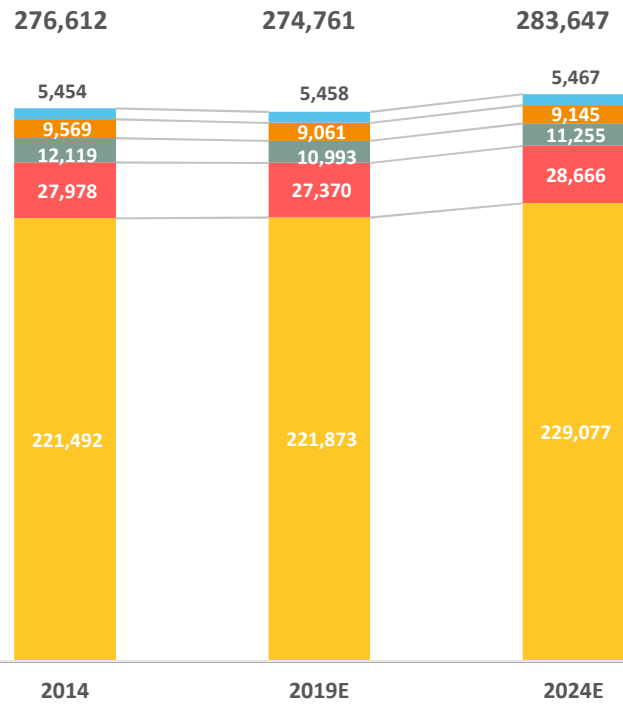Employees are Paid More, but are Less Productive

Burdened Labor Cost per Hour — Up 12.4% Since 2015

Inside Sales per Labor Hour — Down 11.2% Since 2015

Source: NACS CSX Time Period Difference 2015-2019

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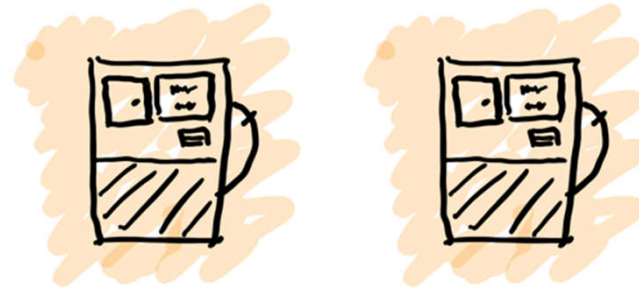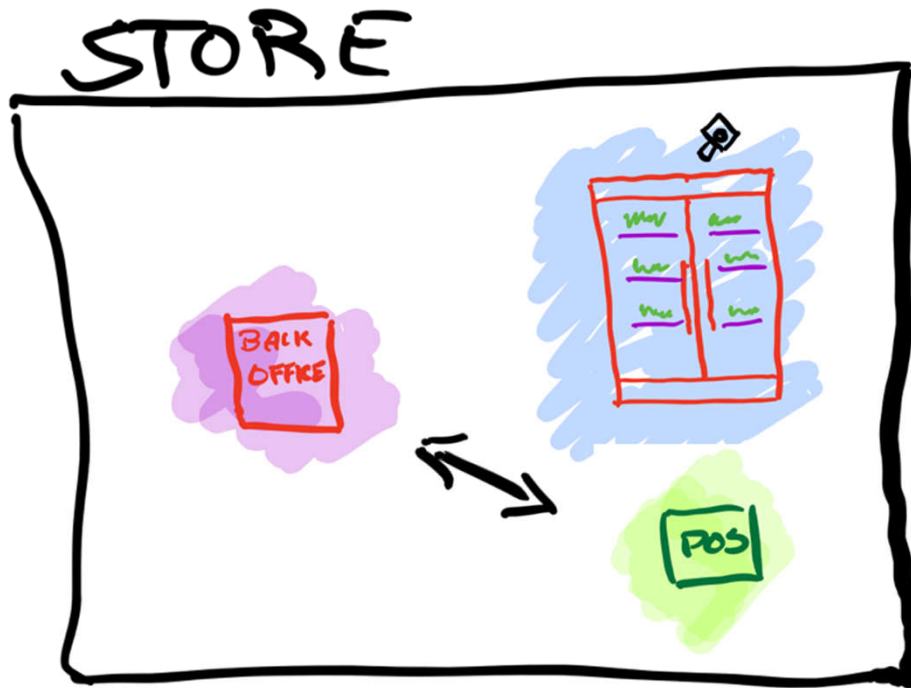# Small Format Retail is Poised for Growth Over the Next Five Years

2014: 276,612

- 5,454
- 9,569
- 12,119
- 27,978
- 221,492

2019E: 274,761

- 5,458
- 9,061
- 10,993
- 27,370
- 221,873

2024E: 283,647

- 5,467
- 9,145
- 11,255
- 28,666
- 229,077

Size of Store in Gross Square Feet	Stores			Sales CAGR	
	2014	2019E	2024E	'14-19E	'19E-'24E
Less than 20,000	221,492	221,873	229,077	6.6%	0.0%
20,000 – 50,000	27,978	27,370	28,666	-0.4%	0.9%
50,000 – 100,000	12,119	10,993	11,255	-1.9%	0.5%
100,000 – 150,000	9,569	9,061	9,145	-1.1%	0.2%
Above 150,000	5,454	5,458	5,457	0.0%	0.0%
	276,612	**274,761**	**283,647**	**-0.1%**	**0.6%**

Source: Kantar Retail IQ

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Convenience Environment

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Target Use Case Categories

Inventory
Management

Interactive
Marketing

Site Security
& Security

Edge
Warehousing

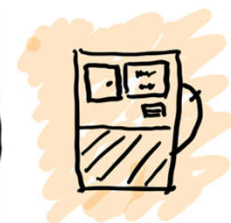Regulatory
Compliance

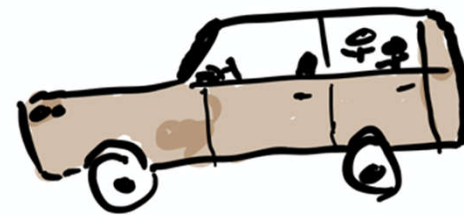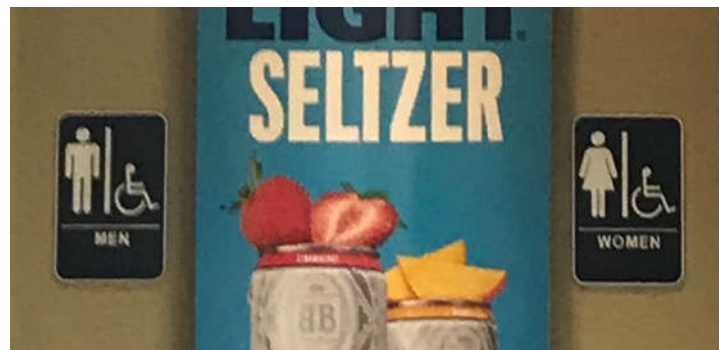**CONEXXUS**
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Site Security

The old "skimmer install behind the white van" trick, thwarted!

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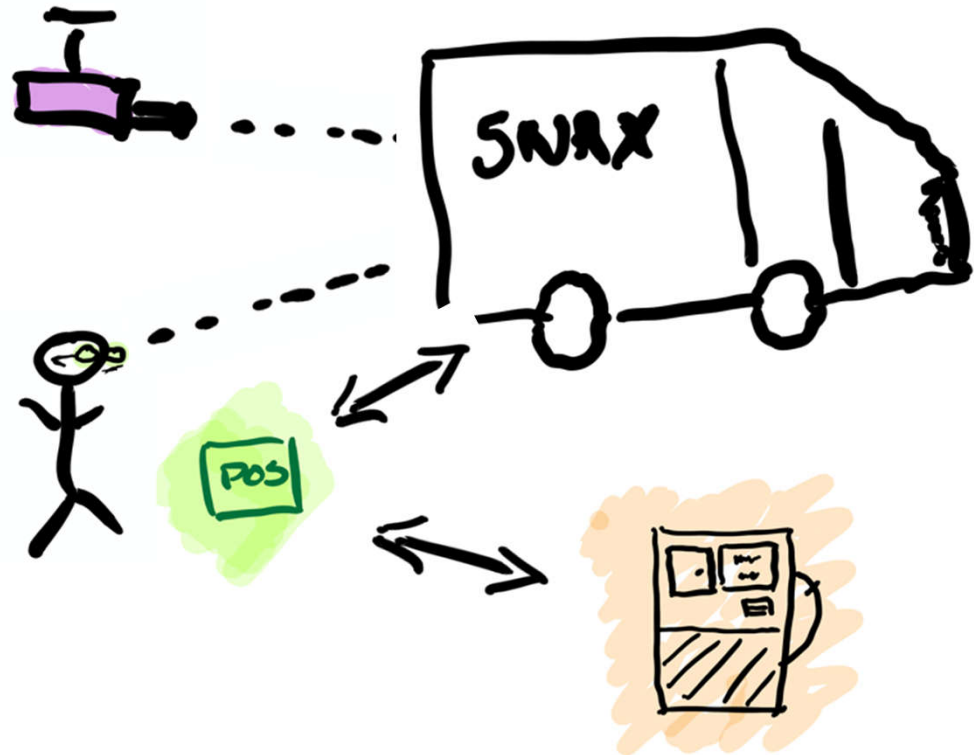
Security (Guest Safety)

The "Dad passes out in the bathroom" scenario.

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Regulatory Compliance

The "last yard."

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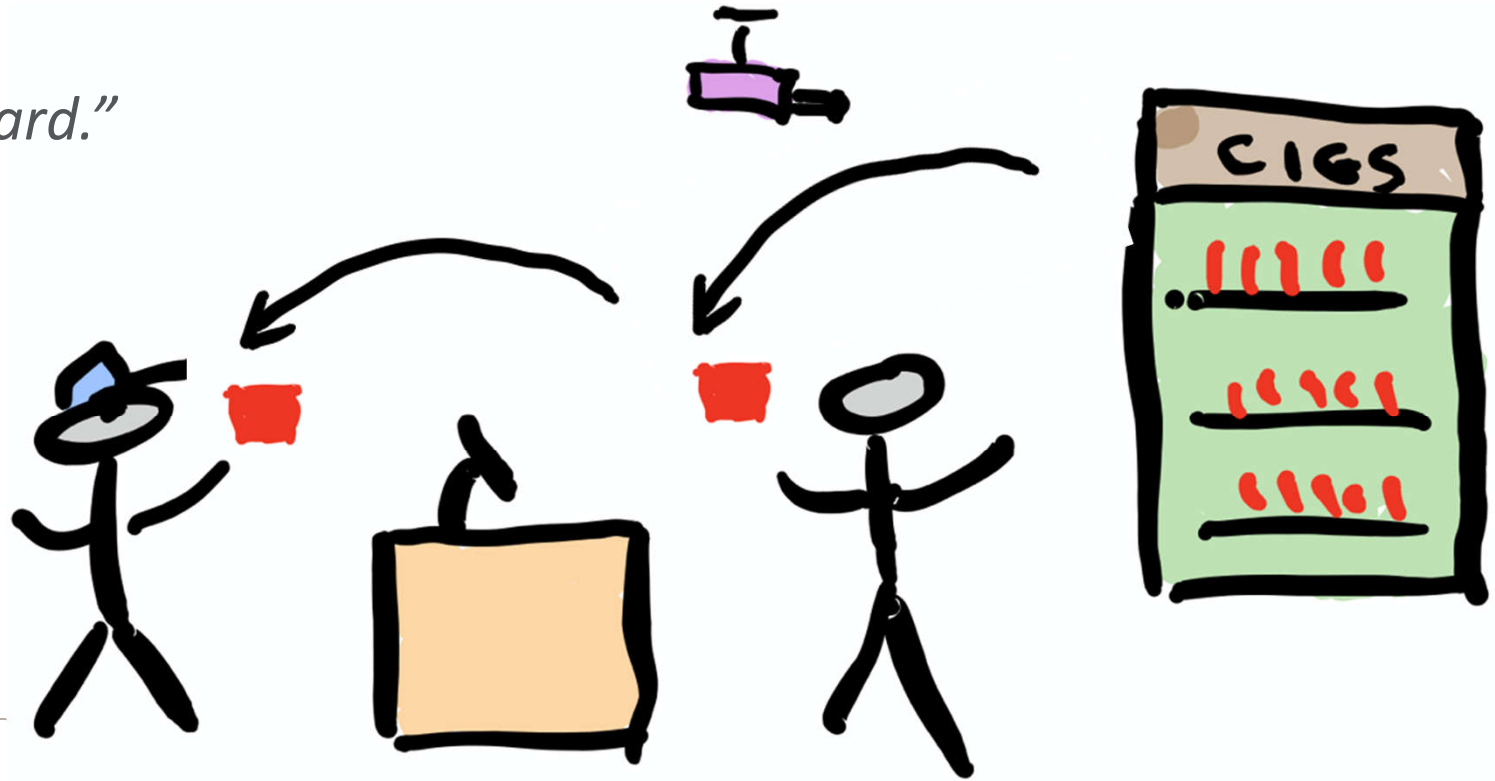
Sponsorship?

How can we get the brands to sponsor some of these use cases?

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