



Fuel Pricing Software Evaluation Guide

It is imperative that retailers employ technology to develop a solid fuel pricing strategy that will help them remain competitive and streamline their business processes.

Some of the challenges faced today are different than those experienced just a decade ago and require new approaches.

What important facts should you consider before making the commitment and significant investment of time, money, and other resources to either fix the system you currently have, develop a custom solution, or

purchase an existing fuel pricing software solution?

The first item on your agenda should be to address your business requirements. Understanding these requirements provides clarity and direction that will help define your solution needs as you begin the evaluation process.

IS YOUR CURRENT SYSTEM WORKING

Simply put, does the system you use today meet your current business needs and requirements? Consider some of these technical challenges faced in the retail fuel industry that can impede your ability to attain fuel price optimization and achieve a competitive advantage.

- Rapid, one-click synchronization of price changes at the POS, sign, and pump (multiple POS systems, cash/credit prices)
- Real-time visibility when a competitor changes prices and the ability to quickly respond
- Easily integrating competitive intelligence and accounting data into a centralized tool

- Achieving a cost-effective approach to fuel price optimization
- Generating faster return on investment (ROI)

The below chart can help you evaluate your fuel pricing system performance. Simply place a check in each row indicating your estimate of how well your current system is meeting your needs.

This chart should help you clarify major areas for improvement within your current fuel pricing system. Ideally, most of your checkmarks will be in the “excellent” or “good” columns. However, if you have more than 3-4 checkmarks in the column labeled “poor/fair” you are in danger of finding yourself at serious competitive disadvantage.

FUEL PRICING SYSTEM EVALUATION CHECKLIST

	Poor / Fair	Good	Excellent
Supporting Documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product Support and Maintenance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product Roadmap	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost Effectiveness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ability to Achieve Quick ROI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Automated & Centralized Price Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrates with Market Intelligence Feeds (OPIS, PDI, GasBuddy.com, etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Current, Accurate Pricing Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real-time Responses to Competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

RESCUE, REPLACE, OR BUILD YOUR OWN

After reflecting on some of the industry challenges, performing a quick system evaluation, and gaining deeper insight into your requirements, here are three options (along with pros and cons) to consider.

FIX WHAT YOU HAVE

Even if your current fuel pricing solution isn't ideal, shouldn't you continue using it? After all, you've already invested a lot of time, energy, and training in the system. This is certainly an option that you should consider. Because the system is already in place and at one time met your business requirements doesn't justify its existence and continued use today. This is especially true if the system you so heavily depended upon is now stopping you from achieving maximum fuel profits and creating a substantial amount of effort that could easily be avoided through a modern and feature-rich fuel pricing system.

Fixing a system that is already in place may be the right tactic provided the existing system meets the majority of your business requirements and hasn't become outdated. If there are only a few slight development enhancements or modifications that need to be incorporated in order to achieve your goals, it is probably best to explore ways to rescue your system instead of building or buying.

FIX WHAT YOU HAVE

Pros:

- Reduces costs if only minor changes are needed to meet your business requirements
- System is familiar and training will be minimal
- There will be minimal disruption to your existing business operations

Cons:

- System may lack capabilities common to a pre-packaged solution
- Inability to integrate with critical POS and back-end systems
- Ties up IT and forces other projects to the bottom of the list
- Not easy to scale and deploy – may be built on outdated architecture
- Lacks flexibility to accommodate company growth and changes - such as new commodities
- ROI is either not recognizable or may take years to achieve
- Risk losing long-term support and maintenance when there is key personnel turnover

BUILD YOUR OWN

Why not try to build the better mouse trap yourself? Building your own solution may be the right

approach when your business requirements are so unique that a pre-packaged solution is incapable of addressing your requirements. But building a home-grown fuel pricing solution may not be the best use of your time, money, and resources. Before going down this path, ask the question: “Do existing fuel pricing solutions meet my business requirements, most of my business requirements, or only a few of them”? In general, an out-of-the-box solution will address the majority of your requirements, and with minor configurations, will address those requirements that fall outside the normal scope.

Pros:

- A custom solution precisely addresses your unique business requirements
- You can build only what you need and not pay for unwanted features

Cons:

- Significant cost, time, and effort involved to develop a custom solution
- Costs associated with ongoing product development and enhancements
- Ties up IT and forces other important projects to the bottom of the list
- Risk of losing long-term support and maintenance when there is key personnel turnover

- Integrations with back office and competitive intelligence data will increase expenses and development time
- Training and support documentation must be maintained in-house

BUY SOFTWARE

Commercially available software has the advantage of being built on thousands of hours of vendor development time as well as the functionality requirements of customers. That is a large pool of intellectual capital that can benefit your company. Additionally, out-of-the-box software has been tested in ways that are outside the scope of most home-grown systems. Purchasing software also allows your IT resources to address other projects, which means you may not need to wait so long to get the fuel pricing system you need and you may be able to assign other high-priority projects to IT. Here are a few benefits and challenges you can expect when purchasing a pre-packaged fuel pricing solution.

Pros:

- Time, money, and resources are more easily contained
- Developmental costs are avoided
- Product has been road-tested
- Integrations with back office and competitive intelligence data have been established
- Easier to scale and deploy

- A product road map ensures continued development and enhancements from ideas not just your own, but from the entire fuel pricing market
- Support and maintenance are provided by the vendor
- ROI realized much faster – often in a matter of months, not years

Cons:

- May require large up-front payment, depending on deployment model (on-premises vs. SaaS)
- May lack specific capabilities you desire

- Annual product license, support, and maintenance costs

SUMMARY

In any of the above scenarios, the costs of time, money, and resources must be carefully measured before committing to any project to fix, build, or replace your fuel pricing system. Be sure to consider how your decision will impact the IT department and whether it will force them to defer all other projects due to the heavy time commitments, particularly with a solution you build yourself. A cost/benefit analysis will help you determine the financial impact.

After giving conscientious deliberation to your options, associated costs, and business needs, you should be able to reach a conclusion that effectively supports your business needs and overcomes existing challenges. Whether the best option for you is to fix what you have, build your own, or buy an existing solution depends on many factors. But the most important factor may be your determination to not settle for a substandard system. The right fuel pricing solution can provide both operational efficiency and competitive advantage. The best time to start down this path is today.