Sitoo

The great TCO illusion

Why legacy retail tech quietly erodes margin - and how cloud-native POS creates measurable returns

EXECUTIVE SUMMARY

A better way to understand POS cost

The most expensive thing about legacy retail tech isn't what you pay for it. It's the sales it quietly costs you, the store performance it erodes, and the costs associated with it you don't see.

Legacy systems used to be a safe bet. But today's retail landscape is wildly different. Stores now need to do far more than sell. They need to be fulfilment and return hubs, customer data capture points, and the place where your brand comes to life. They also need the flexibility to adapt to constantly changing customer expectations.

The simple reality is this - legacy POS was built for a more static world.

This creates a very simple financial problem: the price of a legacy system doesn't show the full cost. The real TCO is hidden in infrastructure, support, manual workarounds, and missed commercial opportunities.

The visible cost of a cloud-native POS

License fees, hardware and project spend.

The hidden costs of a legacy POS

Servers, patching, field service, support tickets, slow workflows, missed sales, and delayed change.

The old question

What does the POS cost?

The better question

What does the current setup cost us to run - and what could a modern platform return?

Key takeaway

Investing in a cloud-native POS shouldn't be evaluated as purely a cost-reduction project. It should be evaluated as a store performance project. A project that lowers operational overhead while enabling significant percentage gains across revenue and efficiency that scale across the whole store estate.

Calculate your TCO and ROI

Build your own business case in five minutes and see the potential return based on store estate, current operating model, and commercial assumptions.

Go calculate

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How to use this report: This report is designed to help guide you before you take the step to a more tailored TCO and ROI calculation. It gives you a simple framework for assessing the true cost of legacy POS and the return potential of a cloud-native POS and platform.

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Introduction: the true cost of legacy POS

The cost of legacy POS goes deeper than what you pay for it. The true cost is one that compounds across stores, systems and teams.

When inventory is not truly real-time, associates lose sales. When updates require manual effort, IT loses time. When returns are slow, stores lose conversion opportunities. When tills fail or queues build, customers leave.

In isolation, each issue can look manageable. Across 50 stores, over multiple years, they become a very real drag on margin and agility.

In short, legacy tech can very easily create a high total cost of ownership if the operating model around it is expensive, slow, and hard to change.

When we look at the ROI of a cloud-native POS, these are the core touchpoints:

#1

Cost removal

Servers, field service, patching, hardware energy, support load and training effort.

#2

Strategic agility

Faster rollouts, fewer fragile workarounds, and easier integrations.

#3

Store productivity

Faster checkout, stocktaking, shipment receiving, returns, and end-of-day processes.

#4

Commercial upside

Saved sales, higher order value, stronger customer capture, better upsell, and more effective omnichannel fulfilment.

> *"Since moving away from legacy, we've seen an increase of almost double the customer capture at the POS, which probably pays for the implementation of Sitoo by itself."*
>
> **Aaron Liebert, CEO, Rally House**

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Investment: what changes when moving to cloud-native POS

A modern POS transformation requires investment. That should be made explicit, not buried.

The point is to separate implementation cost from ongoing operating cost, then compare both against the return created by the new model. The table below outlines what this investment typically looks like.

Investment area	What it covers	Viewed through the CFO lens
Implementation and onboarding	Project setup, configuration, enablement and rollout support.	One-time investment that accelerates time to value.
Systems integration	Connections to e-commerce, ERP, CRM, payments, loyalty and inventory services.	Creates the data flow required for omnichannel ROI.
Store hardware refresh	Shift from fixed PC-based setups and local infrastructure to flexible, mobile store devices.	Should be modelled against avoided server, PC, field service and energy costs - and the multiple uses of the POS such as handling store inventory.
Subscription licensing	Cloud-native POS platform licensing and continuous product updates.	Should be compared with legacy license, support, and maintenance spend.
Internal change effort	Training, process alignment, rollout governance and adoption management.	Short-term effort designed to reduce long-term complexity.

How to frame the investment

- Separate one-time implementation costs from recurring platform costs.
- Phase benefits by timing. Some savings start at go-live, while commercial gains typically ramp as store teams adopt new flows.
- Don’t compare new subscription costs to old license costs in isolation. Compare the new operating model to the old operating model.

> *“Real-time data boosted stock accuracy and on-floor availability resulting in a significant uplift in sales and KPIs.”*
>
> **Kirill Kazakov, Global Retail Operations Director, PUMA**

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Where ROI comes from: benefits and cost savings

The strongest business case for a cloud-native POS combines two forms of return on investment.

The first is commercial upside in the form of several small, realistic improvements in sales, order value, customer capture, omnichannel fulfilment, and store productivity. Across a store estate, these all compound quickly.

The second is TCO reduction. This is the hidden operational cost that disappears or shrinks when legacy POS infrastructure is replaced. Servers, field service, patching, support load, hardware energy, and training time all carry a cost. Removing them changes the economics of your tech stack.

Together, these benefits turn POS from a necessary operating cost into a measurable source of ROI.

The ROI engine

ROI source	What changes	Business impact
Revenue	Small percentage uplifts in sales, order value, customer capture, and upsell.	More margin captured through the store network.
Efficiency	Faster stocktaking, receiving, checkout, returns, and end-of-day routines.	More selling time and lower operational drag.
TCO savings	Less infrastructure, field service, patching, support, energy, and training effort.	Lower recurring cost base.

Commercial benefit drivers

The table below outlines the core commercial levers that typically shape the ROI case for a cloud-native POS and the platform it's built on.

The model uses very conservative percentage improvements to show where value can be created. Each driver connects a specific cloud-native POS capability to a measurable business impact, such as higher order value, improved customer capture, fewer missed sales, stronger omnichannel fulfilment, and better store productivity.

The figures used are illustrative planning assumptions and are based on a 50-store fashion and lifestyle retailer with €90m in annual revenue (€1.8m revenue per store) and a 60% gross margin.

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BENEFITS & COST-SAVINGS

They're intended to demonstrate where value can be created and should be validated against current revenue, margin, order volume, support load, and store workflows.

Please note, the potential impact is based on extremely conservative baseline figures - in reality, the numbers we see are far higher than this. For example, in the first year of using Sitoo POS as part of a wider retail transformation project, Varner Group saw endless aisle sales increase by 125%, endless aisle order value increase by 220%, and omni sales increase by 85%.

Driver	Potential impact	Why it matters	How to model it
BOPIS order value	0.5% increase in order value with solution	Store pickup creates additional in-store purchase opportunities and reduces delivery friction.	Eligible BOPIS order value x uplift x gross margin
BORIS order value	8% increase in order value with solution	In-store returns can become exchanges or new purchases when associates have the right tools.	Relevant in-store return flows x uplift x gross margin
Customer capture	1% increase in revenue or conversion post-solution	A connected, cloud-native POS makes customer capture far easier and quicker.	Store revenue or conversion baseline x uplift x gross margin
Customer recognition	2% increase in member-based sales	Instant identification and loyalty recruitment shift more transactions into known-customer journeys.	Member sales mix x uplift x AOV gap
Omnichannel sales & fulfilment	4% increase in customers or orders	Endless aisle, real-time inventory, and store fulfilment reduce the number of times associates have to say no.	Orders/customers baseline x uplift x gross margin
Upsell and cross-sell	0.1% increase in spend with upsell	Product relationships, customer history and campaign context help associates increase basket size.	Annual revenue x uplift x gross margin

125%

Increase in endless aisle sales at Varner Group

220%

Increase in endless aisle order value at Varner Group

85%

Increase in omni sales at Varner Group

→ We've worked with enough retailers to know you may already have some omni flows in place - but are they as effective or efficient as they could be? You can try our TCO and ROI calculator to find out or get in touch with us for a full evaluation of your current setup.

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BENEFITS & COST-SAVINGS

Operational efficiency drivers

The table below highlights the store workflows where a cloud-native POS can create measurable efficiency gains.

These benefits are easy to underestimate because they often appear as small time savings in everyday tasks: stocktaking, receiving shipments, handling returns, closing the day or onboarding new staff.

But across a store estate, those minutes quickly become hours, and those hours translate into real labour value. In the example of 50 stores, an hour saved each month becomes 600 hours saved each year.

Workflow	Potential impact	Why it matters	How to model it
Stocktaking	50% time saving	Faster counts when using the mobile POS for stocktaking.	Hours saved per store per month x 50 stores x loaded hourly cost
Shipment receiving	75% time saving	Quicker delivery-in process with fewer steps and errors when using POS for receiving goods.	Receiving hours per store per month x 50 stores x loaded hourly cost
End of day	50% time saving	Less manual administration and reconciliation at store close.	Admin hours saved x loaded hourly cost
Returns	Fewer separate transactions	Validated sale and return flows can reduce duplicated payment and processing steps.	Avoided transaction fees plus time saved
Training	70-80% reduction	Intuitive workflows reduce time needed to onboard new store associates.	New hires x training hours avoided x loaded hourly cost

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BENEFITS & COST-SAVINGS

TCO savings: the cost categories legacy hides

The table below sets out the operational cost categories that are often hidden inside a legacy POS environment.

Traditional POS infrastructures carry significant hidden costs: local servers, field service, manual patching, recurring IT involvement, energy consumption, and support load.

A cloud-native POS model removes or drastically reduces many of these categories.

Cost area	What changes	Typical impact
Server infrastructure	Removal of local in-store servers, hosting and backup environments.	100% elimination
Server energy and cooling	Elimination of energy use linked to in-store servers.	100% elimination
System maintenance/patch management	Automatic updates remove internal IT or consultant time.	100% elimination
Field service cost	No POS-related onsite visits required post-implementation.	100% elimination
Support load	Support time is drastically reduced across the board.	95-98% reduction
Hardware and POS energy	Replacement of PC-based POS at about 100 W/h with mobile devices and tablets at about 2-22 W/h.	75-80% reduction
Training and onboarding	Training takes minutes rather than days.	70-80% reduction

80%
Reduction in training time

95-98%
Reduction in support load

100%
Reduction in field service

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What the financial impact looks like

In our example of a 50-store fashion and lifestyle retailer with €90m in annual revenue (€1.8m revenue per store) and a 60% gross margin, this is the impact on revenue we would expect to see from small performance improvements outlined in the commercial benefit drivers.

A 0.1% improvement in revenue performance generates €90k in additional annual revenue. At a 60% gross margin, that represents €54k in annual gross margin contribution.

A 0.5% improvement generates €450k in additional annual revenue, equivalent to €270k in annual gross margin contribution.

A 1.0% improvement generates €900k in additional annual revenue, or €540k in annual gross margin contribution.

This is before any recurring TCO savings are included. Once reductions in support load, field service, infrastructure, patching, hardware energy and training time are added, the total value opportunity increases further.

Operational efficiency adds another layer of value. As we mentioned, saving just one hour per store per month releases 600 hours annually across a 50-store estate. That time can be converted into labour value, redeployed to customer-facing activity, and used to grow your business.

Small improvements are not so small when they are multiplied across stores, transactions, customers, and months.

Change in action

Osprey London's transformation from a legacy tech stack to fully composable architecture delivered huge results across revenue, operations, and customer experience.

- Retail sales increased ~12–14% YoY without major operational changes.
- Stock accuracy improved to 98–99%, with faster handling and in-hours stock counting boosting efficiency.
- Transition from fixed POS systems to mobile tablet-based checkout enabled quicker transactions, better in-store engagement, and fewer lost sales.
- The business gained agility through faster deployment of tools and changes, while reducing hardware costs and operational headaches across fulfilment, stock, and reporting.

12-14%
Increased retail sales

98-99%
Stock accuracy

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The cost of doing nothing

Delay can feel financially safe. But if legacy technology is already creating lost sales, avoidable support, poor inventory visibility and slow store workflows, the business is still paying for it every month.

The table below shows what that delay could mean for our 50-store fashion and lifestyle retailer. It doesn't assume a major transformation. It simply shows the value lost when small, realistic improvements are postponed.

ANNUAL Leakage assumption	ANNUAL Revenue impact	ANNUAL Margin impact at 60%	MONTHLY Cost of delay
0.1% leakage	€90k	€54k	€4.5k
0.5% leakage	€450k	€270k	€22.5k
1.0% leakage	€900k	€540k	€45k
2.0% leakage	€1.8m	€1.08m	€90k

Where the leakage comes from

- Out-of-stocks that could have been saved through endless aisle or cross-store fulfilment.
- Queues and slow checkout that reduce volume of sales and customer capture in peak trading moments.
- Returns that stay as refunds rather than becoming exchanges or new purchases.
- Inventory trapped in the wrong location and cleared through margin-damaging markdowns.
- Store teams spending time on support and manual processes instead of selling.

+7%

After J.Lindeberg implemented omniflows with Sitoo, average sales per in-store customer increased by 7%.

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Summary: from cost centre to commercial engine

The shift is not simply from one POS vendor to another. It is a shift in how to think about the role of store technology.

In the legacy model, POS is treated as a necessary operating cost: a till system that processes transactions, carries infrastructure overhead, and requires ongoing support to keep stores running.

In the modern cloud-native model, POS becomes the execution layer for omnichannel retail, connecting stores to inventory, customers, orders and fulfilment in real time.

Something as small as a 0.5% improvement in sales, order value, and customer capture can become a material annual margin impact. When that upside is combined with recurring TCO savings, the case for change becomes much clearer.

Legacy view	Modern cloud-native view
POS is a till system.	POS is the execution layer for store operations and omnichannel retail.
TCO includes infrastructure, support, field service, patching, energy, training, and internal effort.	TCO is mostly license and hardware.
The business case focuses mainly on cost.	The business case combines cost savings with percentage-based revenue and efficiency gains.
Stores process transactions.	Stores sell more, they save sales, fulfil orders, build loyalty, and become hubs where the brand is brought to life.

Next step

Use our free TCO and ROI calculator to generate a business case based on your own numbers and data - including store estate, revenue, margin, current operating model, administrative burden, and commercial assumptions.

Go calculate

Important to note: The figures in this report are illustrative and intended for planning discussion only. They are conservative by design. Actual results depend on each retailer's existing systems, store processes, e-commerce maturity, inventory model, support load, adoption pace and rollout scope.

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