

Corner dairy options with PatelNet

SUNIT PRAKASH

WHEN I visited the United States a few years ago, I got to see first-hand a phenomenon I had till then only heard about — the Potels.

Potels are motels, owned by members of the Indian community called Patels — hence Potels. New Zealand has an equivalent, in that many small corner stores are also owned by Patels of the same community.

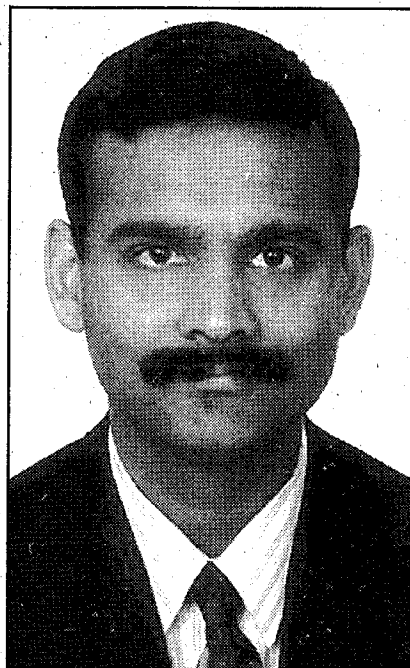
A quick informal survey of these shops finds that most are not doing well. Competition from large supermarkets offering seven-day and late-night shopping means that the number of shoppers to these corner shops has dropped, volumes are down and margins are squeezed.

Before deregulation and the individual contract, these shops were the only places where one could shop at one's convenience, and the owner was adequately rewarded for that service.

Investigation into the more prosperous shops shows that the ones that are doing well are those that are "information technology-enabled".

An example of this is a Lotto outlet. Lotto is known to increase the traffic (and turnover) through the shop. Some large shops have eftpos, and now, a further few are franchised by New Zealand Post and can perform online motor registration transactions.

If present trends continue, in future all shops will be equipped with some kind of data terminal and communication device to offer goods and services. Those that are not so



Mr Prakash in a telecommunications consultant based in Wellington.

equipped, and do not change, will no longer remain solvent. Naturally the lowering of entry cost by the supplier of that information service will accelerate the phenomenon.

The migration pattern will begin from low and point-of-sale terminals and a single application, to a minimum configuration of a personal computer with access to several applications via various networks.

I see this to mean shops having access to airline reservation systems to make bookings, access to entertainment booking centres for performance tickets and access to various public databases such for births, deaths, marriages and land titles.

Some strategically-located shops could also have touch-screen "hole-in-the-wall"-type local and national information kiosks for tourists. It will also bring about efficiency gains in that the small shop will be able to harness the power of electronic commerce and re-order stock, pay for it and file its tax returns electronically.

The shop will no longer be merely selling the morning newspaper and a carton of milk, but will also be able to dispense cash, collect payment of all your various bills, register your new car, sell you a lotto ticket, do a title search on a property that you have had your eye on for a while, select and book a seat for the opera at the weekend, make your holiday reservations and perhaps even off-load your shares to pay for it all.

The shop will be charged either per transaction or on a subscription basis by the service providers.

Then it will add value to the information by packaging it and providing physical delivery of the service — typically some kind of printed form or voucher — and will on charge the customer the basic fee plus margin.

There will be a shift in paradigm from dispensing just physical goods to vending information and service. Cash will be replaced by cards, and wealth will be measured by the num-

ber of bits one has credited against one's bank account.

But what of PatelNET? The Patels will have to complement their social and cultural network with an electronic one. Their livelihood depends on these shops and unless they adapt to changes — no, actually act as agents of change themselves — they will have to find some other means of earning.

If however, they plan as a community, and set their own (non-proprietary) standards in terms of hardware platform, operating system, communication devices and protocols, and candidate applications, it could provide them with the competitive advantage to deal with the larger and more organised competition.

Thinking and planning for the future will assist this loose confederation in protecting its current investment. It will position it strongly to take advantage of new and emerging technologies and give it bargaining power.

And there is no reason why the same model can not be applied to any other group that has a large number of retail outlets and shares the same surname such as the Smiths, the Jones, the Banks, the Pumps and the McDonalds.

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