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ORIGINAL → ESSENTIAL → UNBIASED → **INFORMATION**

## Leveraging Technology to Manage Starbucks' Cash Cycle

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# Background - Starbucks

- **Starbucks is a coffee company headquartered in Seattle**
- **Since 2001 average 400 new stores per year**
- **7,000 Company Owned locations in the US**
- **Store & HQ processes designed around a branch banking solution**

# Background - Why Consider Courier?

- **Relatively large retail bank group**
- **Diminishing Bank branch footprint**
- **Wide Starbucks store geographic footprint**
- **Safety & Security**
- **Trip to Bank is a non-value add store activity**

# Background – How Was Courier Justified?

- **Not Easily....**
  - Cost-Benefit not particularly compelling
  - Not 100% aligned across support functions
  - Retail Ops initiative driven by Treasury

But we were prepared when the Business was ready to make a

- **Philosophical Decision**

# Background – Initial Testing & Findings

- **Phase I - 4 WA stores**
  - Traditional store managed VRU change orders is not test well
- **Phase II - 40 stores in So Cal**
  - Treasury established standing change orders did not test well
- **Phase III – 150 stores AZ, NV, DC**
  - Larger rollout highlighted new issues
    - Change order reconciliation challenge
    - Store facing P&L impact
    - Tracking & reporting weakness

# Back to the Drawing Board

- **For this initiative to be successful what do we need to solve for?**
  - Early pilots indicate solution is not scalable without significant HQ staff impact
  - Audit process labor intensive
  - Potential P&L impact
  - Significant duplicative effort
  - Limited transparency into transaction activity/life cycle
  - Disparate information from various sites
  - Store visibility
  - Perceived store control

# Needs Identification

- Scalability
- Enhanced Change Order Solution
- Vendor neutral
- Single point of visibility
- Integrated Change Order Payment tool
- Transaction identification system that creates “uniqueness” across all transaction types
- “Unique” numbering system can be used to track transactions from store creation, to bank, thru to BAI file
- Delivered with limited store impact

# Solution

- **Collaborative effort between Starbucks, IFS and Banks to develop solutions**
  - *Cannot overstate the value of committed partners*
- **Brainstorming effort was an iterative process**
- **Initially created & implemented pseudo standing change order**
- **The most challenging & transformational idea to move from concept to reality has been the unique ID concept; a unique number that follows the lifecycle of each DTS transaction**



# DTS “Unique ID”

- We build 10 digit number for each major transaction type
  - Deposit
  - Change Order
  - Change Order Payment


Deposit Serial Number Formatting

Serial Edited: 1, + 4 serial + 5 store

Space	Entry
Space 1	1
Space 2	Start Serial
Space 3	Continue Serial
Space 4	Continue Serial
Space 5	End Serial
Space 6	Start Location
Space 7	Continue Location
Space 8	Continue Location
Space 9	Continue Location
Space 10	End Location
Name	1, + 4 serial + 5 store

- ID follows a transaction to the bank, associates with bank adjustments and presents in the daily BAI file
- DTS System provides transactional data to our bank partners in pre-determined formats
- Physical documents follow normal chain of custody/cash cycle
- Bank partners receive DTS data, process transactions extract DTS unique ID, along with other information, and place in BAI file
- Audit/Recon group use data to match all transactions

# Cash Processing Trends

- **Migration from store to cash vault is a common trend**
  - Safety and security a key driver
  - Efficiency of processing/price
  - Allowing employees to focus on value add activities is key
- **Variety of ways to get to a cash vault solution**
  - Solutions do not come in all shapes and sizes
    - **How you do it makes a difference; plain vanilla is not enough**
      - Cash Vault is the building block
      - Safe Solutions
      - Cash Vault +  = exponential value

# Technology and Information Adoption

- Increased requests for integration/technology based approaches to help streamline
  - Yesterday it was about locations number in reports; tomorrow is about true integration
- Common themes:
  - More data about depository transactions
  - Access to on the fly/adhoc reporting/exception data
  - Integration of GL or other customer data into processing stream
  - Cash order transmissions
  - Adoption of internet ordering; de-centralized individual orders as well as batch orders from corporate HQ/divisions

# Technology

- Banking is a technology business; access to transaction data to streamline process is imperative
- No one size fits all solution