

## Warmest Holiday Wishes

The entire KWI team would like to thank you, our valued clients, for your business and support. We wish you, your employees and your families a season of joy and peace.



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**Thanks for partnering with KWI. Your comments mean a lot to us. Please [email us](#) – we love to respond!**

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You focus on retailing.

We focus on technology.



## A Letter of Thanks to Our Valued Clients



In these challenging economic times, the principles of business strategy are being tested constantly. We at KWI are very aware of the strategic value of an effective partnership. The drivers of our mutual success reside in the relationships we have created and the trust and dependability our clients have come to expect.

I hope you know how highly we value not only your business, but your partnership as we move into 2009. More than ever before, you will need a combination of sophisticated, detailed IT intelligence, service excellence and forward-looking analytics to make informed retail decisions. KWI technology solutions allow you to drill down and react quickly to new trends as they develop, optimizing your key performance indicators. We know at this crucial time you need customized solutions that not only solve current requirements, but are also adaptable enough to meet future ones.

As you know, it is not enough to declare that your organization is customer-centric. In this volatile retail environment, trends shift rapidly and shopper expectations rise as fast as loyalty sinks. KWI understands the importance for retailers to refine their operations from the ground up by re-engineering business processes, investing in actionable IT tools, maximizing the use of existing systems and extending the mission across all departments in their company. Successful retailing is not only about selling products and services – it is about serving customers and providing them with what they want, when they want it.

Despite the current economy, the financial health of KWI is strong, and there will be no reduction in our services or development for 2009. We continue to have a strong balance sheet, free of the debt that has weakened many corporations. At a time when an increasing number of corporations are moving towards managed services providers to outsource their IT needs, the industry leading KWI solution stands out. It is very gratifying that we can continue to enhance the delivery of our products and services while maintaining our fees at a consistent level.

We have you, our valued clients, to thank for much of our success. You have helped us create a winning team, a winning partnership, and I look forward to a

new year of continuous improvement.

With warmest wishes for a joyous season,

Sam Kliger, President & CEO

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## Bucking Economic Trends, KWI Stays at the Cutting Edge of Technology



KWI has a proven track record of supporting retailers located all over the world by delivering integrated technology solutions built specifically for the specialty retail community combined with world class customer service

Our software delivers a complete retail management solution that includes a web based merchandising system, best of breed POS technology, Customer Relationship Marketing as well as the most comprehensive Loss

Prevention solution available.

Throughout 2008, KWI has remained on the cutting edge of technology by heavily investing in our Design and Development groups in order to continue to bring you innovative industry-driven features to optimize the value of our system. While other software companies have cut back considerably in this difficult economy, we forged ahead and further enhanced our products, delivering advanced solutions to help our clients achieve greater success. Here are just a few of the value-added initiatives that we achieved this year:

- Released a new time saving Report Runner that sends output directly to your e-mail when complete.
- Re-engineered the markdown application with greater selection criteria for more targeted reductions.
- Purchase order management with a formal approval process for greater budgeting control.
- A next-generation POS software platform, Store 6, with an extensive list of new features.
- Product images for visibility throughout the merchandising system.
- MySQL database technology for improved performance and reliability.
- Cognos PowerPlay store operations cube with new drill down measures.
- Debit card processing at POS to give customers another payment option and save retailers on their transaction costs.
- Signature capture technology to eliminate paper and ease chargeback retrievals.

In 2009, you can be sure that we'll be working harder and investing more than ever to bring you additional tools and solutions to better manage and improve your business. Between major enhancements in the speed and performance of our applications and advanced PCI initiatives to protect your data even more so, our plans for 2009 should exceed the advancements made this year. As always, our goal is to make your life easier and provide you with the ability to work smarter.

*For more information, please contact Dan Markowitz, Executive Vice President, at [danny@kwi.com](mailto:danny@kwi.com) or (516) 621-2400, ext. 305.*

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## Meet the Client Services Team



From left to right, Mike Enxuto, Gary Stein, Teresa Rosato, Jeff Goodwin, Kevin Pfeifle, Cory Abrams, Patty Wisniewski, Sabrina Jackson, Jodi Solotoff-Maroulakis.

We're certain that you'll recognize some of the faces you see. That's because, at KWI, we assign specific members of our Client Services Team to our valued clients in order to ensure that you receive the proper one-on-one attention your company needs. Your unique needs are at the center of our Client Services Team's operations – every day. We employ the latest and most innovative technologies, and our open lines of communication guarantee the industry's most responsive service. Our Client Services Team performs a wide variety of functions, including the following:

- Assisting with new client implementation and ongoing customer support.
- Meeting regularly with customers to discuss projects, issues and initiatives. This includes introducing new system features that offer the most value to customers.
- Overseeing business process engineering via in-depth knowledge of retail industry and superior knowledge of system functionality.
- Working directly with customers to optimize their use of the system in order to achieve business objectives, including auditing of feature usage, sharing industry best practices and training on general functionality.
- Managing the overall delivery of system enhancements, while providing help documentation and training on new features.

In the end, it's our people who make all the difference. Our Client Services Team is much more than technical support. With KWI's pioneering background in the industry and its reputation for excellence, they make sure our clients receive the level of support they need – and deserve.

*If you are interested in learning more about KWI's Client Services Team, please contact Jodi Solotoff-Maroulakis, VP of Client Relations, at [jodi@kwi.com](mailto:jodi@kwi.com) or (516) 621-2400, ext. 310.*

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## Doing the Bunny Shop: Playboy Joins KWI's Client Roster

Its tuxedo bow-tied bunny logo is unmistakable.



Playboy, the world's best-selling men's monthly magazine, was founded by 27-year-old Hugh Hefner and was first released in the American market in December 1953.

Today, Playboy Enterprises, Inc. is a brand-driven, international multimedia entertainment company that publishes editions of *Playboy* magazine around the world; operates television networks and distributes programming globally; owns *Playboy.com*, a leading men's lifestyle and entertainment website; and licenses the Playboy trademark internationally for a range of consumer products and services. The Company's three business groups are Publishing, Entertainment and Licensing.

In October 2006, Playboy opened a multi-faceted entertainment venue in conjunction with the Palms Casino Resort in Las Vegas. The property includes a Playboy Club casino, Hugh Hefner Sky Villa, nightclub and Playboy store, for which Playboy has selected KWI as its partner in implementing a POS and Back Office merchandising system. In addition, Playboy has contracted with KWI to handle its Merchant Service processing.

KWI is proud to partner with such an outstanding, world-renowned and successful retailer. Playboy's branded line of licensed fashion and consumer products has experienced exceptional growth at retail since its repositioning in 1999, with a product offering that includes men's and women's fashion apparel and accessories, underwear, legwear, outerwear and footwear, as well as home furnishings and lifestyle and entertainment products. Playboy's licensed products business as a whole now generates in excess of \$800 million in global retail sales in more than 130 countries and territories.

And with Playboy Mansion Macao, a multi-faceted entertainment destination that pays homage to the legendary Playboy Mansion, expected to open in late 2009, that familiar bow-tied bunny is bound to continue multiplying success.

*For more information, please contact Gary Stein, Implementation Manager, at*



[gstein@kwi.com](mailto:gstein@kwi.com) or (516) 621-2400, ext. 369.

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## This Month's Short Cuts

Time-saving tips and ideas that are right on the money  
– from the staff of KWI.



### **1. CRM Tip of the Month ... from Jubin Thomas, CRM Services Manager**

#### **Good Things DO come in small packages**

As the holiday shopping season approaches, you are no doubt looking to unveil your major marketing promotions to attract customers. Although you might be tempted to roll out expensive campaigns designed to draw business, keep in mind that it's the small things that count the most.

Niche events can truly build and maintain relationships with your customers. These events include "thank you" gifts, trunk show invitations, workshops and demonstrations, charity events, product-specific invitations and more. Niche marketing events allow you to communicate with your customers without conditioning them to expect a discount or markdown. They also give you a reason to be in touch, beyond simple cost savings.

So take advantage of clever niche marketing ideas. Used correctly, they'll be gifts that go on giving throughout the year.

*If you have any questions regarding niche marketing events, please contact KWI-CRM at [crm@kwi.com](mailto:crm@kwi.com) or call (516) 621-2400, ext. 367.*

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## **Keeping it Safe during the Holidays**

The holiday season increases retail operational and loss prevention challenges. During this time, retailers must focus on the basics of retailing: providing exceptional customer service and, at the same time, being vigilant about executing policies, procedures and guidelines related to controlling losses. The following are tips to ensure a safe and happy shopping experience for both you and your customers.

### **Physical Security:**

- Maintain the sales floor. A well-organized sales area sends a subtle message to shoplifters that the store personnel are monitoring customers and merchandise.
- If your store has an electronic article surveillance system (EAS), ensure the system is functioning properly, and that merchandise is tagged per policy.
- Review policies related to trash removal, including use of clear plastic bags, collapsing boxes prior to disposal, trash inspection by management, and when trash can or cannot be disposed (i.e., do not remove trash after dark, etc.).
- Make sure all other security systems and equipment are functioning correctly, including alarm systems, cameras/DVR, interior and exterior lighting, safes and door locks.

### **Customer Service:**

- Review customer service programs, including customer greeting standards, how to respond to EAS signals, and dealing with shoplifters using customer service recovery statements. Remember, shoplifters dislike customer service, because they want as little attention as possible.
- Review cash handling policies and procedures, especially for returns, and for credit card and gift card transactions. Also go over how to address denied credit cards and how to manually complete credit card transactions.

### **Inventory:**

- Review receiving, shipping and transfers, and markdowns of merchandise.
- Review employee purchase policies and procedures.

### **Cash Management:**

- Review all cash management policies related to deposits. If deposits are taken to the bank, make sure it isn't obvious that you are going to the bank (i.e., don't announce in the store that you are going to the bank). Place

your deposit discreetly in a backpack, and never take the deposit to the bank after it's dark outside.

- If an armored carrier service is utilized, make sure the store has its current employee list and that the pick-up log is always filled out correctly.

#### Personal Safety:

- Review opening and closing procedures. Employees should never be in the store alone, and they should arrive and leave in pairs.
- If your store is supported by mall security, meet with the manager to receive an update on provided services (e.g., employee escorts, etc).
- Review robbery procedures.

*For more information, please contact Phil Hummel, Vice President, Global Food Service Business Development, at [phummel@zellmangroup.com](mailto:phummel@zellmangroup.com) or call (253) 238-8648.*

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### **3. KWI Merchant Services Tip of the Month ... from David Drucker and Phyllis Gricco**

#### **'Tis the Season for Helpful Hints**

For most retailers, the holiday season is the busiest and most profitable time of the year. It is also the time when credit card crime and errors that plague merchants throughout the year increase dramatically because of high volume. Therefore, merchants should be extra cautious in handling credit card transactions during this selling period, or they stand to incur avoidable expenses.

It is important to realize that credit card authorizations only guarantee that the account has enough credit to cover the transaction; they do not guarantee that the person using the card is authorized to use it. Therefore, it is critical that you ensure that the authorization and transaction go through correctly – meaning that the signature on the back of the credit card is compared with the signature on the receipt. That necessary procedure often is overlooked, especially when the store is very busy, but it makes certain that the authorized cardholder, not someone else, has signed for the purchase.

Finally, it is essential that all charge-back notices are analyzed when they arrive and that all requests for copies are responded to immediately. Our research indicates that more than 50 percent of charge-backs are due to unauthorized use of credit cards, so remember to report any discrepancies to your processor immediately.

*For more information regarding the cost of merchant accounts, please contact David Drucker, President, KWI Merchant Services, at [ddrucker@KWI.com](mailto:ddrucker@KWI.com) or (516) 621-2400, ext. 720.*