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**The Most Powerful Name in Corporate News**



## **Automated Cash Management and Recycling Devices for Retailers**

Revolution Retail Systems LLC (formerly Tidel Revolution LLC) designs and manufactures automated cash management and recycling equipment for big box and large (i.e., supermarket) retail cash rooms. Our industry leading, state-of-the-art system provides our customers the opportunity to dramatically reduce the cost of managing cash in their operations. While an independent company, Revolution proudly points to its culture and heritage found in its roots with Tidel Engineering, LP. Our mission: "Revolutionizing Cash Management" is accomplished through unparalleled product quality and service & support.

**Interview with: Michael Hudson, CEO**

**Conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine**

**CEOCFO: *Mr. Hudson, what is Revolution Retail Systems LLC, [www.revolutionretailsystems.com](http://www.revolutionretailsystems.com) about?***

**Mr. Hudson:** Revolution Retail Systems is a company that was founded in 2011. We had previously been Tidel Revolution LLC, a strategic business unit of Tidel Engineering. Revolution designs, develops, manufactures and sells automated cash management and recycling devices that are purpose built for big box retail and the like; retailers that utilize large sums of cash in their daily sales efforts. In cash automation there are dozens of processes and systems that retailers go through as they manage their cash day to day. We automate that process. Then we recycle the cash that is being used in the stores, rather than sending it all out to the bank, only to have to deliver it the next day for business. We recycle that cash.

**CEOCFO: *Would you please explain what the physical equipment is and a bit about how it works?***

**Mr. Hudson:** Yes. The physical piece of equipment includes several components; a bulk note recycling device, a bulk coin recycling device and then PC software that integrates all of them into a single system. It is a Windows operating system that is the OS foundation of the device. Then there is proprietary software that is produced by Revolution that drives all of the transactions. These recycling devices are located inside, hardened steel safes. It actually takes the place of the safe that you would typically find in the back room of a supermarket or a big box retailer or what have you, where they would store their cash. All of the cash is stored in the Revolution system.

**CEOCFO: *How do large companies typically handle cash? Is there other equipment? Are they just counting and sorting? What is the scenario today?***

**Mr. Hudson:** I like to characterize it as; what most retailers do today is handle their cash in much the same way that your great, great grandfather did way back when. The only difference is they do not use ledger books and quill pens. They use a little bit of software, but it still handled pretty much the same way. What we have found to be true is that every retailer handles their cash and follows certain processes and procedures differently. However, all retailers use the same three functions of cash management. Those three functions are; the management of the till, either checking it out and checking it in at the beginning of the day or at the end of the day and either advancing cash to it during the course of the day or picking cash up from it during the course of the day. That is all till management, one function of cash management. The other function of cash management is balancing those tills at the end of the day. Whether you have one or two registers in your store or two hundred cash registers in your store, at the end of the day all of those cash registers have to be balanced. In other words, all of the net cash sales have to be properly reported, all of the starting cash has to be returned to the vault and the entire vault fund has to be counted, verified and prepared for the next day. Therefore, balancing the cash funds and the cash register tills is the second function of cash management that every retailer goes through. The final one is the deposit of the cash. At the end of the day every retailer deposits their net sales into the bank; whether that is through armored car pick ups or whether that is through EFT transmissions or what have you; every day they do bank deposits to the bank. All three functions of cash management are present in every single retailer of all sizes. How they do that; the individual processes and procedures, may differ. However, the three functions of cash management are all the same. Revolution automates all three of those cash functions through the same device.

**CEOCFO: *Have retailers been looking for a better way or is it something that people do not even realize might exist?***

**Mr. Souther:** Retailers are looking for a better way. As retailers go through the cost reduction process throughout the company, one area that they are focused on is how to streamline their back office. One of the ways to streamline the back

office, obviously, is to cut the time that it takes to handle the cash and distribute cash that is needed for the store to prepare the deposits. Another dynamic that is taking place is the bank charges that retailers are incurring. Cash automation helps eliminate costs incurred in both of these areas of store operations

**CEOCFO: Who is using your system today?**

**Mr. Hudson:** In addition to supermarket chains throughout the country that are using the device. We have them in casinos, in discount supermarket chains, in home improvement facilities, and in discount electronics companies. We have several customers that we are working with today, that are still involved in an intensive proof of concept programs and we are under NDAs with them, so I cannot identify them at this time. I have equipment that is deployed in Western Europe, Canada, the United States and Australia, in virtually all segments of large cash management or big box retail industries.

**“Revolution is going to help retailers drive their sales and reduce their costs through automating activities like cash management and recycling cash.” - Michael Hudson**

**CEOCFO: What is involved with implementing the system?**

**Mr. Hudson:** Cash automation and recycling is an effective cost reduction process. The whole point of automated cash transactions or cash functionality and the whole point of recycling cash is to reduce the costs of managing cash in the stores, as Tommy alluded to earlier. It is a broad range of all of the areas of expense in the retailers experience in managing their cash; from cashiers checking tills out in the amount of time that it takes them to do it, to cash room managers that have to handle and manage all of the cash, up to and including home office and division offices, where they are doing cash reconciliation with the armored carriers and their banks. All of those are expenses associated with managing cash. In order to reduce those expenses, there are key performance indicators in the store that must be positively affected through automation and recycling. It really is, and I do not use this term loosely, a paradigm shift. The way that things have been done in the past really needs to change significantly. Retailers need to change their processes through proper automations and recycling in order to realize the reduction in expense benefits. That typically means they are going through some behavior changes in the store. As we all have experienced in all walks of life; change, whether it is good change or bad change, is always difficult. People just do not like change. Therefore, the biggest challenge that retailers have, when we introduce cash automation recycling, is affecting change at the store level and at the home office level that embraces automation and recycling, thus resulting in a proper return on investment and reduction in costs. Therefore, it is proper training and adoption of new processes that makes this process effective.

**CEOCFO: When you are speaking with a prospective customer is there an aha moment when they understand the concept and why it works? It sounds to me like, “how could you not want to do it this way”. Other than the resistance to change, it seems such a natural. However, what do you find when you are talking with people?**

**Mr. Hudson:** There is an “aha” moment. I think it is the minute people see the technology in play. There is a light bulb that goes off that says, “This could really be something. This could really have a positive impact in the stores.” They come back to earth very quickly when they realize that there is a lot of behavior that is going to need to affect change management. In other word, we have got to convince a lot of people to do things differently than they have ever done before and that is not the easiest thing in the world to do. Therefore, I think that one of the biggest challenges that we have got to face. It is relatively new technology. This is only something that has been going on, on a wide scale basis, for the last couple of years. It has not been around a long time. I think as businesses start realizing more and more that this technology and this recycling capability is taking a better hold in the industry, that like anybody else they will start adopting it. Early adapters are few and far between. They are always the toughest ones to get past. However, once you have gotten past the early adapters and everyone else sees that it is working for them, it is doing what it needs to do, it is accomplishing what it is intended to accomplish, then other companies start getting on the band wagon and starting to see that change. As an industry on a wide scale basis across retail, we are seeing more companies adopting this technology than there were about a year and a half to two years ago.

**CEOCFO: With such a potential customer base, how do you decide where and how to focus your efforts?**

**Mr. Hudson:** Some of the first customers that lined up and really embraced the technology for us were supermarkets and the discount electronics chain. Brandsmart USA out of Florida. They have locations in Miami and Atlanta. They have installed this equipment in all of their stores. They just got behind the program big time and have a lot of positive things to say about how it affected their business and how it affected their cash management. It makes sense that we would talk to someone who can relate to companies that have already embraced the technology and are going down that path. We are talking to many supermarket chains today, because we have got supermarket chains that have embraced the technology. We are also talking to home improvement stores And other big box retailers. You could sit there and put up on a white board all of the different top 500 retailers in the United States and say, “go target any one of them”. We have a tag line at the end of our video that says, “If you use cash in your business I can assure you we will save you money. The only question is how much will you save.” That is because automating cash management and recycling cash will save money

in the long term. It is just a function determining at what level does it save and does it make sense, then, to invest in this technology.

**CEOCFO: *What is the business model; equipment, software, ongoing service? How does it work?***

**Mr. Hudson:** Actually, it is a comprehensive business model that includes all three. The initial sale is for the technology platform; the equipment. Accompanying that is the licensing of the software that makes it all work. That is proprietary software that we own; in many cases patents that we either own or that we sublicense that go with making the technology work. Then we have an ongoing service model that supports that. Part of the key to what we offer is a twenty four hour a day, seven day a week, monitoring of the devices in the field. Retailer's lifeblood is their cash. They cannot do business without cash. Therefore, we need to make sure that that equipment is available to them at all times and that if there is ever any problem or there are ever any issues with it, that we have got someone readily available to help them get the system back up online and ready to do business. One of the key elements of our model is twenty four hour a day, seven days a week monitoring through our service agreement. Recently, we have also introduced, in a partnership, a strategic alliance, with G4S (which is the largest armored carrier in the world and the second largest employer in the world) and with Bank of America, one of the top tier banks in the United States, a product that is called CASH360. CASH360 is an end to end cash management solution that utilizes our technology platform, along with service and support model with G4S' management of the armored carrier piece of cash management and Bank of America's involvement on the financial or bank piece of cash management, including Bank of America replacing the cash in the retailers location with bank funds instead of the retailer's funds. This is unique in the market. Instead of the retailer being required to maintain their vault funds with their own cash, Bank of America replaces those funds and replaces it with Bank of America's cash. This then allows the retailer to use their cash for other purposes than to sit idly in a vault. Retailers can make capital investments, capital improvements or they could just simply improve their overall cash flow by reducing the amount of cash tied up in the vault.

**CEOCFO: *Are there other systems in the marketplace today?***

**Mr. Hudson:** We do have competitors in the marketplace. There are several of them in the United States. Most of them are international competitors, so that they have got a global footprint and a global presence, much as we do. Cash automation and recycling is a concept that has been around now for seven or eight years.

**CEOCFO: *Why pay attention to Revolution Retail Systems? Why does the company stand out?***

**Mr. Hudson:** Interestingly enough, Bank of America was one of the companies that did an investigation over the last couple of years. The banks retail customers had been asking for years to come up with a solution to improve their ability to manage cash efficiently, effectively and with confidence and with safety. That is paramount in any retailers mind; the safe and secure management of their cash. It is a huge exposure and it is a huge expense and they have been asking the bank to take a look at that. Some people have suggested that cash as a percent of sales is on the decline, so they ask why would we need to worry about doing anything with cash? If its use continues to decline as a percent of sales over the next several years, it is logical to assume it will no longer be an important factor in retail. I have been in the cash management business for twenty five years and I was in retail for twenty years before that and I will tell you, we have been talking about the "fact" that we are going to be a cashless society, since the late 1980s. Here we are, almost thirty years later, still handling an awful lot of cash. So, the bank undertook a review and found that, the "percent of sales" in cash is declining very slowly, year over year; but, in less than single digit percentages. When compared to the percent of overall growth of sales, while cash as a percent of sales may decline slightly, cash volume as part of sales is going to continue to increase. Retailers are handling more cash today than they were five years ago, than they were twenty five years ago. They will be handling more cash tomorrow than they are today. They need to find automated ways of dealing with that, because some of their best and brightest employees are sitting in the backroom for hours a day counting cash to make sure that it is safe, secure and correct; instead of being out in front of customers, driving sales and driving profitability through customer facing activity. What cash automation and recycling does: it frees up retailers' best and brightest employees to spend time customer facing, which drives sales. Making sure that your cash is managed properly is not going to improve your sales. Making sure your best and brightest employees deal with your customers is. Therefore, Revolution is going to help retailers drive their sales and reduce their costs through automating activities like cash management and recycling cash.

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**BIO:** Michael Hudson is the President and CEO of Revolution Retail Systems, LLC ("Revolution"), formerly Tidel Revolution LLC, an operating division of Tidel Engineering, L.P., a global manufacturer of cash dispensing products.

Prior to joining Revolution, he created M.F. Hudson Associates, Inc., a Texas-based solutions consultancy in 2008, and served as its Principal. A recognized leader in the retail cash management segment, Mr. Hudson has served as Executive Vice President and General Manager of the EasyPoint retail ATM solution products following NCR Corporation's acquisition of that ATM product line from Tidel Engineering, L.P. in January, 2006. Prior to his move to NCR, he was the Executive Vice President and Chief Operating Officer of Tidel. Before working for Tidel, he was the President / CEO of

Convenient Automated Transaction Systems (CATS) doing business as MoneyQuik, a 1,000 independent ATM system in California and Nevada.

Mr. Hudson began his career in 1974 with the Southland Corporation, the then-parent of 7-Eleven Convenience Stores. He served in various marketing and operations management positions throughout his eighteen-year career in the convenience store industry.

Mr. Hudson, a recognized authority in the retail segment of cash dispenser and ATM products, has appeared on the Killen Report, a syndicated television show with Michael Killen, and the World Business Review, hosted by Casper Weinberger. He has had articles published in various industry periodicals, including the American Bankers Association Looking Toward the New Millennium, 1997.

He has been a featured speaker at conferences and symposiums, including the European Financial Self-Service Symposium, in Edinburgh, Scotland, and the ATM Conference in Hong Kong, sponsored by the ATMIA in 2005. He was the featured keynote speaker at both the ATMIA / Canada Conference in 2004, and the ATMIA Security Conference in New Orleans in 2008, and has spoken frequently at other industry conferences and workshops in the United States, the United Kingdom, South Africa and Asia. He recently served on the Board of Directors of the Electronic Funds Transfer Association (EFTA), as a member of the Executive Committee and past Chairman of that Association's ATM Integrity Task Force. Mr. Hudson served on the International Board of Directors for the Automated Teller Machine Industry Association (ATMIA), its North American Board, and, its Executive Committee, and, in 2010, was awarded its highest honor, the Lifetime Achievement Award.

Mr. Hudson, who received his Master of Business Administration (Strategic Leadership, with honors) degree from the University of Dallas resides in Plano, Texas with his wife, Cheryl, and has two sons, David and Chris.

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