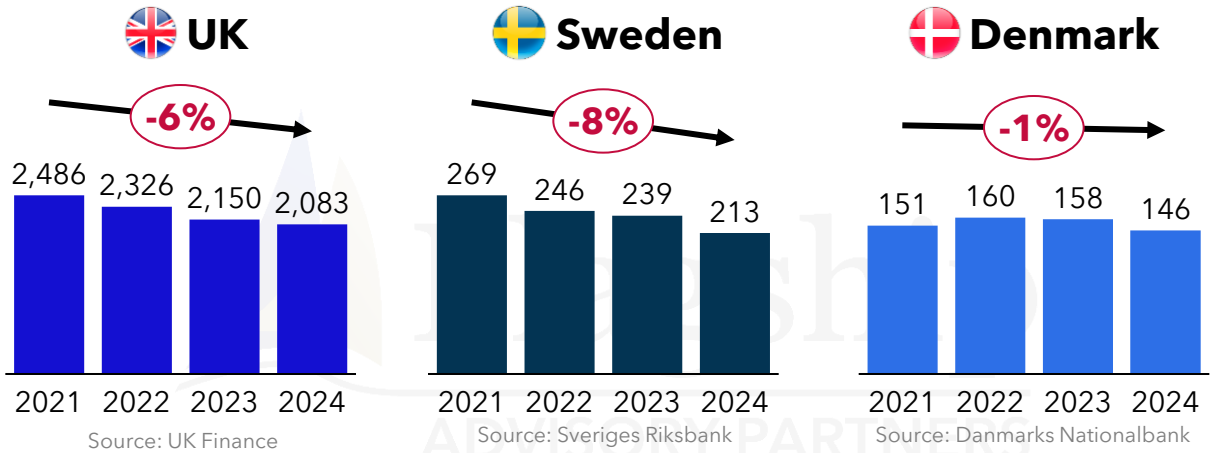


Legacy POS is Declining in Europe, Creating Software Imperative for Providers

1 Number of Traditional POS Terminals in Circulation (number of POS terminals in 000s; select European markets)



2 Key Drivers of the Decline of Traditional POS Terminals (select observations from Flagship Advisory Partners; non-exhaustive)

Physical Retail Contraction

A steady reduction in brick-and-mortar locations continues to shrink the addressable base of traditional POS hardware. **In the UK, retail outlet counts fell by 5% between 2022 and 2024** as labor, rent, and operating costs rose.

Digitalization of Physical Retail

Retailers are accelerating in-store digitalization. Fixed checkout counters are giving way to mobile checkout flows via customers' own devices. **In Sweden, 24% of surveyed Nordic retailers now use mobile-app self-scanning**, eliminating the need for a fixed POS terminal hardware.

Growing Use of SoftPOS

SoftPOS or 'tap-to-pay' continues to see increasing adoption. Uptake is scaling not only in small merchant use cases, but in large retail with SoftPOS enabled via ISVs. **In Denmark, for example, SoftPOS powers 60% of Coop's (large Danish retailer) self-checkout transactions.**

Tech Lifecycle & Replacement

Device strategies are evolving toward BYOD and *Mobile Device Management* (MDM) fleets. This marks a break from traditional POS-terminal lifecycles, with their long, hardware-centric refresh cycles. **Retailers increasingly prefer multifunctional mobile devices that can be redeployed flexibly.**

Implications for Industry Stakeholders

- **POS Terminal OEMs:** With demand for traditional POS terminals declining, OEMs must pivot from hardware-centric models to software-driven propositions, embrace SoftPOS, and invest in lifecycle management and DaaS propositions, while exploring adjacent segments (e.g., smart kiosks)
- **Payment Providers:** Payment providers with a POS-oriented proposition need to transition from a hardware-first strategy to a unified, software-led solutions with SoftPOS alongside hardware and offer vertically tailored unified commerce proposition that embeds digital-first forms (e.g., QR payments)

NAVIGATING FINTECH INNOVATION

Flagship Advisory Partners is a boutique strategy and M&A advisory firm focused on payments and fintech. We serve clients globally and have a team of 40+ professionals who have a unique depth of knowledge in payments and fintech.



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