Customer Stories:
Vendon

AT&T Business



Vendon counts on AT&T Internet of Things

experience to keep the coffee perking around the world

- **Business needs** - Vendon needed highly reliable connectivity to power its vBox, an Internet of Things (IoT) hardware device it developed as part of its business intelligence and telemetry system, to help customers remotely manage and keep their coffee machines and other vending equipment well stocked and working.
- **Networking solution** - AT&T IoT solutions transport data about customers' coffee and vending machines from the vBox to Vendon's Cloud, helping customers remotely manage their machines and helping ensure they are working, well stocked, and maintained.
- **Business value** - Vendon adds value for its customers by helping spot consumption patterns, analyze machine and product performance remotely, and make data-based decisions to increase revenue and profitability.
- **Industry focus** - Business intelligence and telemetry
- **Size** - Customer base in 75 countries

About Vendon

Vendon is a global IoT company that provides business intelligence and telemetry solutions for the vending and coffee industries. The world's largest food and beverage brands and thousands of companies across the globe depend on Vendon for remote management of their machines and revenue growth.

The situation

An industry pioneer, Vendon developed the vBox, purpose-made IoT hardware that makes any vending or coffee machine "smart." The vBox collects technical and sales data from Vendon customers' machines to help owners more easily manage their food and beverage vending operations. Vendon needed a provider with the IoT expertise and global reach to transmit the collected data to the secure Vendon Cloud application, where customers could access it to improve operational efficiency, analyze machine and product performance, and increase revenue.

Solution

AT&T suggested equipping vBoxes with the AT&T Global SIM, which provides highly secure connectivity in more than 200 countries and territories. The IoT solution transports data about the coffee and vending machines to Vendon's cloud computing application service, providing valuable insights about consumer behavior and machine and product performance.



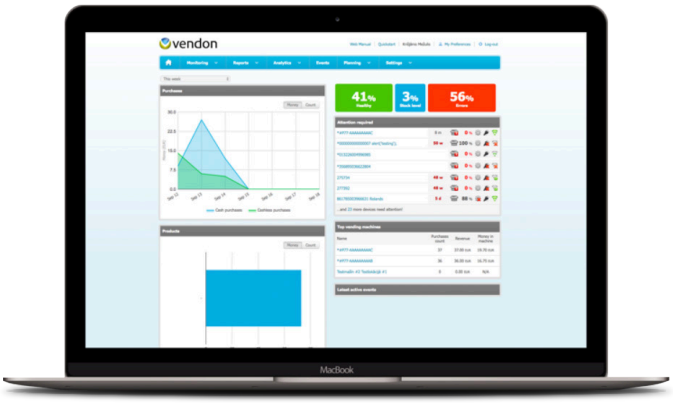
Near-real-time data optimizes profitability

Vendon was founded after a chance encounter a decade ago between a vending machine operator who was looking for a text message payment application and engineers working on fleet management solutions. Founded as a two-person team based in Latvia, Vendon has grown to become one of the leading export companies in the Draugiem Group (one of the largest technology companies in Latvia). One of these tech wizards was Edgars Bināns, at that time a developer at MapOn, another company in Draugiem Group, and now the CTO of Vendon. He spent months creating the software for the first Vendon solution's prototype, working with an electrical engineer who constructed the hardware device. The first tests were carried out in January 2010.

The same year, meetings with customers led to the realization that the device and the accompanying software they had created could be much more than just a text-message payment solution. Instead, with some tweaks, it could serve as a business intelligence and telemetry solution for vending businesses, and thus Vendon was founded in 2011. Kristiāns Vēbers, who is now CEO of Vendon, joined the newborn company in May 2011 as a developer, and his knowledge and experience were essential in separating the system from MapOn so that Vendon could become a successful standalone entity.

Bināns and Vēbers were on the leading edge of IoT deployments. They understood the potential benefits to the vending industry and engineered the Vendon solution, an IoT device connected to Vendon Cloud application to deliver near-real-time technical and sales data that lets operators know if their vending machines are well stocked and in working order. The solution could also help the operators recognize consumption patterns and make data-based decisions to increase their efficiency.





Today Vendon's business intelligence and telemetry solution helps thousands of companies including the largest food and beverage brands in the world remotely manage their coffee and vending machines. Its unique IoT device connects vending and coffee machines to the Vendon Cloud, enabling customers in 75 countries to get near-real-time data that helps optimize daily business, win more customers and grow revenue. Powerful reporting and business analytics tools in the Vendon Cloud provide valuable insights about consumer behavior, consumption patterns, and machine and product performance. While many customers are internationally recognized brands, many are also small and medium-size vending and coffee operators that service and provide coffee, snack, and beverage machines for office workers and commuters.

A small company with a great product

Ensuring that machines are working and well equipped has traditionally meant dispatching workers to check each machine, said Vendon Chief Customer Officer Andrey Sergeyev. "Whether you have 50, 1,000 or 10,000 machines, you had to have people with boxes of snacks, cold drinks, and coffee beans driving around and checking the machines," he said.

The workers had to notice which items were sold out so they could bring more of those items the next time they came. "It was a lot of manual work," Sergeyev said. The Vendon solution, which enabled operators to check their machines remotely, was a welcomed improvement.

Automated data collection from each machine has the power to help prevent any issues before they happen and avoid machine down time. Companies need to know the machine works and sells products properly, and if it's broken, they need to know that immediately.

Another challenge for vending and coffee businesses is understanding customer behaviors and preferences. Managers cannot be in all places at all times, so they simply do not know which products are more popular at certain locations, at what time, and which products are not selling. By knowing customer preferences and when and where they occur, companies can begin to optimize their product offerings, as well as identify which machines at which locations are under-performing.

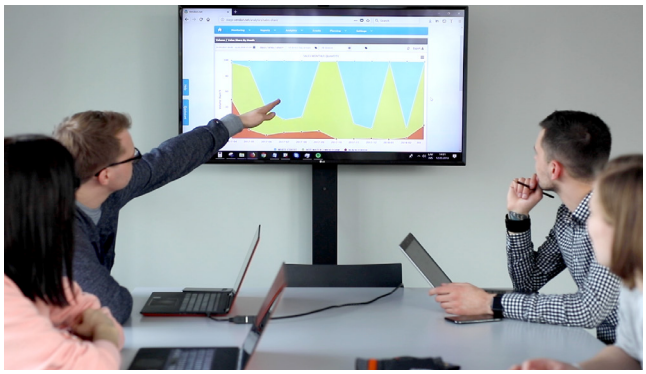
Vendon became a pioneer in the European market. "And being a pioneer was pretty challenging until the market began picking up 3 or 4 years ago," he said. "We're a small company but we have a great product."



Understanding consumer behavior increases sales

Vendon makes it easier for vending and coffee machine owners to operate their business. "For business to be profitable, internal processes should be efficient, machines should be working all the time, and stocked with the right products in the necessary amount," Sergeyev said.

Even tech-savvy customers can benefit from the data and insights that Vendon provides. One large European customer increased sales dramatically after using Vendon's business intelligence tools. "They saw that they had more customers between 7 and 8 a.m., but they sold more coffee between 8 and 9 a.m.," Sergeyev said. Vendon showed the customer that coffee sales spiked at 8 a.m., when fresh pastries were delivered.



"They adjusted the pastry deliveries to 7 a.m., when the stream of the customers is the highest," he said. "Aligning the delivery with the peak traffic stream helped grow both pastry and coffee sales."

No connection, no magic

The heart of Vendon's solution is the vBox, an IoT device that transmits the technical and sales data from any machine to the Vendon Cloud application, enabling operators to get alerts if a product runs out or if the machine has stopped working. To provide ready access to the data vBox gathers, Vendon needs connectivity.

> "Our vBox has to be online always. You can have an excellent solution, but there's no point without connectivity."
>
> **Andrey Sergeyev**
> Chief Customer Officer, Vendon

"We need to connect the IoT device, vBox, to the machine, and transmit the data to the Vendon cloud," Sergeyev said. "We have a SIM inside the vBox, but if there's no connection, there's no magic."

"Our vBox has to be online always," he said. "You can have an excellent solution, but there's no point without connectivity."

In addition, while there are many connectivity providers, Vendon needed to find one that offered reliable service in the countries in which its customers operate. "Many of our customers have an international presence, and they didn't want to bother with SIM cards from different providers," Sergeyev said. "We were looking to work with as few providers as possible."

Competence, expertise, and service

Sergeyev said one of its largest customers, a multinational corporation, recommended AT&T. "We looked at what AT&T has to offer, and it was exactly what we needed," he said. "A reliable, stable partner

with really big technical capabilities around the world. We needed their overall competence and expertise. And most of all, the team behind it." Sergeyev said many at Vendon were surprised that an international company like AT&T would be willing to collaborate with a small company.

"We were overwhelmed with the involvement of AT&T senior management. It's so amazing," he said. His previous experience in the corporate world did not prepare him for the treatment he and his colleagues got from AT&T. "It's usually a different story, more like being in a big machine," he said. "With AT&T, we feel that when we have a question, there are always people who are willing to help with a quick, professional reply."

He believes AT&T employees throughout the entire organization were invested in Vendon's success. "They extended so much care to a small customer," he said. "Actually, we're a small customer at this point, but with big potential."

A trusted collaborator

AT&T helps Vendon fulfill its vision of using IoT solutions to deliver near-real-time business intelligence and consumer behavior data to its customers. "We need to provide stable and reliable connectivity for our global customers. AT&T delivers that," he said.

In addition, Sergeyev said, it's vital for Vendon team members to have a trusted collaborator in their corner to help deal with the unexpected. "If something ever happens, AT&T will make sure we will know about it and the problem will be solved fast because of the team behind it."

Working with a global leader in IoT optimization gave Vendon the highly dependable connectivity its solution required, and much more. "The IoT business representatives from AT&T are pretty innovative in terms of how they approach things. From what my colleagues and I have seen, there are lots of possibilities for interesting collaboration in the future," he said.

The scalable AT&T technology and the people behind the solutions will help Vendon as the company continues its global expansion. "We could possibly use the competence and infrastructure AT&T provides for some interesting projects that might not be our core business, but by combining resources we might be able to serve some interesting verticals in different regions," he said. "AT&T has great technology and great people."



> **"We need to provide stable and reliable connectivity for our global customers. AT&T delivers that."**
>
> **Andrey Sergeyev**
> Chief Customer Officer, Vendon

©2020 AT&T Intellectual Property. All rights reserved. AT&T, AT&T logo and all other AT&T marks contained herein are trademarks of AT&T Intellectual Property and/or AT&T affiliated companies. All other trademarks are the property of their owners. Actual results and your experience may vary from those described in this case study. Information and offers subject to change. Please contact your sales representative for additional information. | 16263-030320