



Krispy Kreme Doughnuts® Talks DTT

DTT BUSINESS TRANSFORMATION STUDY



At A Glance

Company	Krispy Kreme Doughnuts®
Company Information	Operation of (633) doughnut and coffee stores around the world.
Employees	3,900
Office Location	Winston Salem, NC
Web Site	www.krispykreme.com

Founded in 1937, Krispy Kreme Doughnuts® is a leading branded specialty retailer and wholesaler of premium-quality sweet treats. Headquartered in Winston-Salem, N.C., Krispy Kreme is now available in 20 countries including the United States, Australia, Bahrain, Canada, China, Dominican Republic, Indonesia, Japan, Kuwait, Lebanon, Malaysia, Mexico, the Philippines, Puerto Rico, the Republic of Korea, Qatar, Saudi Arabia, Turkey, the UAE, and the UK. While the majority of the stores are Franchise-owned, 90 are company stores.

Key Challenges

- The systems in our stores had very limited capabilities. They were not user-friendly and could not easily reproduce video. Plus, they required that someone be in front of the machine at the store in order to view data, which was very time-consuming and expensive.

Why DTT was Selected

- We were down to 2 vendors during the selection process and DTT's system capabilities exceeded the other contender. We had a better feel for DTT's infrastructure to support us down the years. We were also impressed with DTT's remote-view capabilities and the superior video quality.

Implementation Best Practices

- Make sure that you have a simplified operating guide. The field level people using the system are not technology experts; so, having a simple guide makes it easy for all employees/managers to use the system to its fullest potential.

Financial and Strategic Benefits

- Most notably, using DTT's systems, we have been able to identify "unwanted partners." Also, the receipt overlay in particular, has really helped by providing an instantaneous picture of what's going on. With that data we have been able to uncover various thefts and faulty transactions.

"...our experience has been great. I have recommended DTT to several Franchisees and will continue to do so. I'm a big fan of the system and am glad we made this commitment and investment."

**Chuck Kirstin, Director of Internal Audit
Krispy Kreme Doughnuts®**



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The Krispy Kreme Doughnuts® Experience (Phone Interview)

We had surveillance systems before installing DTT but the technology was very old and outdated. In order to support a Loss Prevention and Operations program, you have to be in the store to view the data. Because our old systems did not offer this function they were really limited in use. Plus, with those VCR systems, tapes would run out or turn off and no one would know for days or weeks at a time.

After a few years, we realized the need for more updated systems. We were looking for a surveillance system that would allow us to stream video back to the corporate office and we wanted it to have very high video resolution. We also needed a product that was financially acceptable for a cost benefit. Ease of operation of both live and historical data were critical, as well as data retention. Finally, we needed to be sure that video data would be accessible for a significant amount of time and at a reasonable cost.

We have now had DTT's systems installed for some time and are using them in so many different ways. We use it a great deal for spot-checking customer service. It has really become a great tool to enable us to ensure that we are up-selling and treating our customers well. Part of the Krispy Kreme philosophy is to create a comfortable environment for customers, which will keep them coming back. DTT helps us reach that goal.

DTT has helped increase our profit margin. We have also seen significant returns based upon the reduction of employee theft. We can identify abnormal conditions and then rectify those situations. We have been able to re-evaluate labor hours because we know if people are just hanging out instead of working while on duty. Some employees have made significant improvements in their behavior because they know that we are monitoring them. This has helped our operation overall.

I love the SmartAudit tool. I post the report on our web portal so that store employees can review it. We use it to monitor things like up-selling, restaurant cleanliness, uniforms, and safety violations. Also, we can review employee transactions to make sure they are consistently ringing up all the items ordered and not applying questionable discounts. The SmartAudit is really a big help in the employee discount arena. We found a lot of employees giving their friends discounts and that practice has dissipated a great deal.

Also, with DTT, we have been able to combat employee and customer slip and fall complaints as well as others. Our Risk department can depend on us to provide needed footage, which has been very helpful for resolving injury claims on the premises. Most District Attorneys will not prosecute misdemeanors; but, when we have video evidence to support a felony conviction we can prosecute and that is when DTT has been extremely valuable for us. It's not the \$1K that we will hopefully recover from an incident but the \$10K that we'll prevent from being taken in the future. DTT has really come through in several unfortunate circumstances.

Overall, our experience has been great. I have recommended DTT to several Franchisees and will continue to do so. I'm a big fan of the system and am glad we made this commitment and investment. I look forward to working with you for a number of years.

Chuck Kirstin, Director of Internal Audit Krispy Kreme Doughnuts®

About Krispy Kreme Doughnuts®

Krispy Kreme is a leading branded specialty retailer and wholesaler of premium-quality sweet treats, including its signature Original Glazed(R) doughnut. Headquartered in Winston-Salem, N.C., the Company has offered the highest-quality doughnuts and great-tasting coffee since it was founded in 1937. Krispy Kreme is proud of its Fundraising program, which for decades has helped non-profit organizations raise millions of dollars in needed funds. Today, Krispy Kreme packaged products can be found in more than 10,000 grocery, convenience and mass merchant stores in the U.S. Krispy Kreme Doughnuts, Inc. (NYSE: KKD) is listed on the New York Stock Exchange. Visit www.krispykreme.com for more information.

About DTT Surveillance

Headquartered in Los Angeles, California, DTT provides Digital Video Surveillance solutions for the Restaurant and Hospitality industries. DTT was founded in 1999 by Sam Naficy, leveraging the power of emerging digital technology to support the needs of a broad base of clientele. Since first launched, DTT has equipped, serviced and supported more than 25,000 clients. Every day, software provided by DTT protects trillions of dollars in assets and oversees nearly 2 million employees. Some of the world's most popular and respected restaurant brands use DTT including McDonald's, Subway, Burger King, Dunkin Brands, TGIF, Taco Bell, KFC, Baja Fresh, Focus Brands, and Dairy Queen, to name a few. Please visit www.dttusa.com for more information.