

Ohio Data Transfer

THINKING OUTSIDE THE BOX IN CUSTOMER SERVICE

Three Part Series on Payment Processing

The March and April Issues of the ODT VISION Newsletter will feature a three part series on Credit/Debit Card payment processing. The series is written by Tom Clearman, Director of Sales at Curbstone, a provider of software in this arena for the IBM iSeries/AS400 market. Visit www.curbstone.com to learn more.

Volume 3 Issue 35
3/10/2006

New Options for Payment Processing on Your iSeries AS/400

Part 1, Credit Card Processing Under the Hood

Credit cards have long been a staple of Americans' personal finance. Virtually all companies in the B2C (Business-to-Consumer) market accept credit cards from their customers. In the past few years, we have seen many new twists in the traditional credit card. These can offer merchants new and much better ways to serve -- and grow -- their customer base.

Companies typically use their iSeries (a.k.a. AS/400, AS/400e, iSeries 400, i5, System i5, System i, etc.) computer as the central business computer for branches, divisions and even for the whole company or enterprise. The iSeries is the platform of choice for essential business applications, especially financials. IT managers have many convincing reasons not to willingly fragment critical processes across multiple platforms. In fact, the ability to move credit card processing to the iSeries, the same platform that runs the other financial operations, is an effective way to increase security, accountability, performance and economy.

This article discusses the ways in which your iSeries can support credit/debit card processing, and addresses some of the remarkable new options, including Interactive Voice Response (IVR), that this combination brings to your sales, marketing, and collection efforts. This installment will explain the basics of card processing. In following sections, we will help you find the best mix of high benefits and low costs for your operation.

The increasing popularity of credit cards around the world is convincing proof that the benefits of the many flavors of credit cards often far outweigh their processing costs. Like most merchants, you will have the following goals in accepting credit/debit cards:



Inside this issue:

New options for Payment Processing (cont.)	2
New options for Payment Processing (cont.)	3
How they do that, Tips on debugging your script	4

First, you want to **make it easy for your customer to buy** from you. Accepting credit card payments is customer-driven in today's "cashless society." When the average trip to the grocer's can cost hundreds of dollars, credit cards have become the customer's most attractive alternative to driving their own armored truck. Credit card purchases can be paid for

- through a call center as part of a verbal conversation
- over the Internet through a Web browser
- in person at a retail counter
- or in an automated fashion through IVR

The increasing popularity of credit cards around the world is convincing proof that the benefits of the many flavors of credit cards often far outweigh their processing costs.





Quote, Tom Clearman,
"For merchants, better card security means lower risk. That, in turn, means money back in your pocket on every transaction, every day. Select your card processing vendor based on your needs."

The ODT VISION VRU offers one of the most innovative and cost effective ways to make it easy for your customer to buy from you.

Your second goal is to **collect your money more quickly**. Using credit cards helps a merchant streamline both the sale and the collection of the funds. New fraud prevention technologies allow payments to be processed rapidly while reducing the risk of fraud. ODT partner **Curbstone Corporation** provides iSeries-based software capable of 3-second authorizations, ironclad security, control, reporting, exceptional reliability, and efficiency. By processing transactions faster and more securely, the customer speeds through the sale, you simplify the accounting, reduce your processing risk, reduce your processing costs and get your money into your account in a day or two.

Third, you want to **minimize your per-transaction costs**. This can also be manifested in the reduction or **elimination of administrative costs** associated with reconciliation between systems, as well as invoicing, check processing and collections.

You are already familiar with many of the major players in card processing. Your customer, the *cardholder*, has a *cardholder bank* that issued their card. You, the *merchant*, have a *merchant bank*. Merchant banks often have a division that is not strictly involved in traditional banking at all. Usually distinguished by the term "... Merchant Services" in its name, the "*acquirer*" is a critical player in the process. The acquirer is the organization that the merchant contracts with to purchase the merchant's transactions at a discount, hence the term "discount rate." You may, in fact, elect to work with an acquirer who is not even associated with your merchant bank, like Nova or Paymentech, for instance. This is easy and efficient, and is your decision to make, based on service, support, pricing and other factors. Acquirers provide credit card services to merchants:

- Acquirers retain the services of giant wide area networks that specialize in transmitting credit card transaction data. These *credit card processing networks* are the final major player. They obtain authorization and settlement for the merchant by contacting the cardholder bank to get an authorization.

- Acquirers provide sales support, acting as an intermediary between the merchant, the merchant bank and the processing network.
- They defend the merchant against "chargebacks" that happen when a cardholder refuses to honor the use of their card.
- They provide administrative support (including detailed reporting) to the merchant. The quality and structure of these reports varies, and often can be modified or, to some degree, customized.
- They may recommend or provide point of sale (POS) equipment to enable card processing.
- They assist in resolving technical issues between the network and the merchant.

These services are paid for when the acquirer purchases the merchant's transactions at a discount -- for a \$100 sale, for example, the merchant may receive \$97.75 from the acquirer. The balance goes to pay the acquirer's expenses as outlined above. This charge may be levied on each transaction. This is an *external* cost for you, the merchant. *Internal* costs would include your own system costs, administrative time, and so on. Happily, both can often be reduced with a little attention. Card processing costs are often far surpassed by the benefits they deliver, and intriguing new capabilities are changing the ways in which companies do business.

Most merchants begin their use of credit card technology with small standalone boxes that link to their processor by way of dial-up modems. Reliable and effective, they are suitable for small volume applications where a low initial cost is desired. They can be costly over time because they require individual phone lines, they are relatively slow, and they often lack the ability to pass important fraud prevention information. As the need grows for better data retention and transaction cost reduction, merchants may enlist the aid of a PC to run a specialized software package. While PC-based systems are a step up from standalone terminals, they often suffer from old, limited and poorly supported software and an operating system that limits their suitability. iSeries-based merchants quickly discover that PC-based systems are not up to their standards of reliability, security, and functionality.* The task of reconciling the data generated and maintained on their

Curbstone Corporation
201 Enterprise Court
Ball Ground, Ga. 30107-6105

888-844-8533 US toll free 770-737-3045 worldwide
 WWW.CURBSTONE.COM

PC system to the rest of their financial processes on the iSeries can be labor-intensive, error-prone and just plain frustrating. They often wrestle for years with the task of data integration. At some point these merchants begin to look for a credit card processing system that can seamlessly integrate with their iSeries financials. They will look for these characteristics in an iSeries-based replacement for their PC software:

- Native, written expressly for the iSeries, to run smoothly and make full use of iSeries capabilities,
- Secure, fully compliant with CISP/PCI industry security standards (see www.visa.com/cisp), also ensuring that your transactions get the best rate from the acquirer,
- Capable, with a complete management layer to support full functionality and implementation with a minimum of programming,
- Versatile, supporting most merchant services/acquirers as well as major processing networks
- Fast, replacing old modem-based technology with secure IP connectivity for sub-5 second processing
- Functional, offering high performance and full capabilities (such as multithreading) in all versions and advanced technology options for special situations,
- Affordable for small and mid-sized merchants with the performance demanded in high-volume environments and with a logical and practical upgrade path as needs grow,
- Well supported, by a company that knows what an iSeries computer is...
- Compatible with other versatile systems, such as e-commerce servers, ERP and order entry applications, and (of course!) ODT VISION IVR systems.

Such a system, seamlessly integrated with the merchant's financial, order entry, and other AS/400-based systems, offers an effective tool for cost reduction, security enhancement, service improvements and efficiency enhancement. Equally important, it sets the stage for new ways to serve the customer, to make it easy for your customer to buy and to collect your money more quickly and reliably after the sale, all at the lowest possible cost..

In the next issue we will conclude with two parts. **Part 2, New Options for Generating Business** will cover ways in which payment processing systems offer the merchant new avenues for business growth.

In **Part 3, Merchant Services: How to Pay Less While Getting More** we will address ways in which a merchant can reduce both internal and external card processing costs. ■

Take a Test Drive to see how Card Payment Processing through the ODT VISION Voice Response Unit and Curbstone can work

Curbstone is providing a free demonstration, which is comprised of an example of how a payment can be made through the ODT VISION VRU and their solution. Visit their web site of www.curbstone.com/ivrdemo to get the details of the live demo including account numbers, credit card numbers, and available credit on each card. When you call into the unit, take the demo option which is option 2 off the main menu. Then just use the account numbers found on the web page and follow the instructions of the voice prompts. You will initially be requested to supply your name which is recorded and a call-back phone number. Once you sign on to an account, a payment balance is given and you must choose a card which matches your account ID. If that card has the credit available to process the payment, you will be informed that the transaction has been completed and given a confirmation number. If the card doesn't match the account profile or doesn't have the available credit, the transaction will be refused and you will be informed of that. ■

Ohio Data Transfer
200 East Campusview Blvd. 200
Columbus, Ohio 43235
3434323543235

Phone: 614-985-3814
Email: sales@ODTVISION.com



THINKING OUTSIDE THE BOX
Get Your Own Demo Today

Go to www.ODTVISION.com to get your own demonstration of the ODT VISION Voice Response Unit which will run on any Windows based PC of Windows 98 or later with sound card and speakers. This is a simplistic order entry and shipment status system which is running off a Microsoft Access database. The demo is in the test mode and you will be using the "Test Phone" feature of the ODT VISION VRU to simulate a phone call to the data. Manuals and case studies are also available on the web site.

Improving Customer Service Affordability

Get free project analysis regarding your telephony application or submit technical questions at:
TechSupport@ODTVISION.com
Or Call: 614-985-3814

IBM Solution Connection.
Integrates solution information with IBM eServer, software and TotalStorage technology

Server Proven
Solutions with experience

<http://www.developer.ibm.com/gsdod/solutiondetails.do?solutionId=25001&lc=en>

http://search400.techtarget.com/productsOfTheYearWinner/0,296407,sid3_gci1157611_tax302575_ayr2005,00.html



Tips for debugging your script

The ODT VISION VRU customization requires no previous programming experience. In fact, the script which drives your customization of our interface around your application is more like creating a macro than programming. In general, the script does five general functions:

- Plays a voice file (i.e. Please enter your account #)
- Moves through application screens or records
- Sends input to field on screen or finds in record
- Checks for an error condition
- Reads information from field or uses it in condition statement

Test Mode

The ODT VISION Voice Response Unit has two modes of operation. The test mode will allow you to load the ODT VISION Software on a secondary PC for development and customization without being connected to phone lines and provides you a test phone application which simulates a telephone calling that PC. Only one session is supported in the test mode. This allows future development without disruption to a running production unit.

In order to run the ODT VISION VRU application in a normal state, you will need a registered security key installed on that system which is encoded for the number of lines installed on the VRU. The "Wav" voice files will also need to be converted using the ODT VISION Voice Manager to "Vox" format.

Test Phone

When operating in the "Test Mode" you use a ODT VISION Windows Program called "Test Phone" to simulate a call into line one of the system. When you click on the phone icon, it turns green and you will hear the voice prompts through the soundcard and attached speakers.



Voice Manager

The Voice Manager Utility allows you to record your voice files on any PC in a "WAV" format and then convert them to the required "VOX" format. Any application voice files which you record or edit will need to be converted to work with the Intel/Dialogic cards when the software is not in the "Test Mode". Once the source and target locations are selected, just highlight the files and click the convert button.

