



**PAYMEDIA**  
THE POWER TO ENGAGE

**VERIFONE  
PAYMEDIA FOR SMB  
SOLUTION PAPER**

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# VERIFONE'S PAYMEDIA HELPS SMALLER MERCHANTS RESPOND TO BIG CHANGES IN STORE FOR THE RETAIL MARKETPLACE

Traditional and alternative payment methods converge with media to enable the 'intelligent checkout'

The retail point of sale is undergoing a transformation with payment options multiplying rapidly. Many consumers may soon opt to pay from electronic wallets stored on their mobile phones. Emerging online services such as digital couponing, loyalty, proximity payments-based social media, and value-added applications will drive customers into stores. But those shoppers will expect merchants to integrate these new services with their payments in one transaction. ISOs and acquirers will need to provide small to medium-sized merchants with affordable turnkey solutions that combine traditional payment acceptance with new media and service opportunities to enable the intelligent checkout.

## Opportunities and Challenges

### Recharging the Point of Sale

There are now more ways to pay than ever. Traditional methods--such as credit, debit and EBT. Contactless choices. Branded electronic gift cards. Virtual gift cards and coupons. And more. Existing payment technologies are evolving and alternative payment strategies are rapidly emerging. Small to medium-sized merchants are understandably hesitant to invest in new technology in such unsettled times for fear of being locked into inflexible solutions. Yet if they are unable to keep up with these changes, these merchants risk losing customers who expect to be offered the latest options and conveniences.

The POS no longer is a purely physical place. Consumers are snatching up online coupons they can use at the checkout counter and savvy merchants are tapping into social media and proximity payments-based applications to drive more shoppers into the store.



Even within stores, the POS doesn't have to stay anchored to a typical checkout stand. All it takes is a smart device or tablet equipped with a card reader and a payment application to process an order and accept a customer's payment on the spot anywhere inside the store.

Services providers and mobile phone manufacturers are betting on Near Field Communication (NFC) technology to drive changes in the way consumers shop. With NFC-enabled phones, consumers will be able to get information instantly and pay for products or services from their mobile phone-based electronic wallets with just a tap or wave at any NFC-enabled payment device. In addition, because NFC supports two-way communication, merchants can entice consumers with digital coupons, promotional messages sent directly to their cell phones or interactive loyalty solutions.

NFC will greatly enhance the shopping experience by:

- Helping merchants engage more effectively with consumers at the POS
- Integrating social media marketing seamlessly into the process
- Putting new analytic capabilities in the hands of merchants to better understand buyer needs and trends

**The Growing Costs of Compliance and Fraud**

While looking for ways to address the challenges and opportunities of the intelligent checkout, it's important not to lose sight of the fact that, most of all; customers want the assurance of safe, reliable transactions.

Unfortunately, even the smallest merchants today are attractive targets for thieves who are after cardholder information. These attacks vary from attempts to physically place skimmers inside payment devices to steal card numbers and PINs, to hacker attacks designed to exploit any point of vulnerability from card swipe to processing. To prevent data breaches, small to medium-sized merchants need POS devices that are highly tamper-resistant and offer the greatest built-in security – with features that make it nearly impossible for thieves to capture cardholder information.

**Simplifying Compliance**

Ever-changing standards such as the Payment Card Industry Data Security Standard (PCI DSS), EMV Chip and PIN and other regulations can also be a huge burden for small merchants – with the risk of severe penalties for non-compliance or the loss of customer confidence should a data breach occur. Ensuring that all payment devices are compliant can be an unnecessary distraction. Small to medium-sized merchants need a solution that takes them out of the compliance business and allows them to focus on the real business they're in.

PAYMEDIA offers unmatched security that far exceeds the latest PCI requirements. All VeriFone payment devices have tamper-resistant and tamper-evident capabilities built in, to make it virtually impossible for card skimmers to be attached. In addition, data is encrypted from the moment a card is swiped, inserted or tapped until the transaction is processed to protect sensitive cardholder information.

Together, these advanced security features help remove the headache for PCI compliance from small to medium-sized merchants – but they also assure merchants that they will be able to meet changing compliance requirements in the future – with little or no effort on their part.



## **Ringling New Sales from Next-Generation Smartphones**

Consumers today can take advantage of a wide array of social shopping and group discount offers via the web on their mobile devices, but redeeming them at the physical POS can be challenging for merchants.

Some new-media solutions merge gift, loyalty and payment together into a single application for smart devices. Digital coupons can also be accessed at the POS with just a tap of a mobile phone, making it very convenient for consumers while generating increased sales for merchants. The intelligent checkout effectively closes the loop with consumers — offering an additional opportunity for merchants and advertisers to influence the purchase process at the POS and maximize the value derived from awareness and product preference created online.

VeriFone is ready now to support online social media marketing and the most innovative value-added services at the POS with the industry's broadest array of NFC-capable payment devices. These devices have been built with the knowhow of our more than five years of experience in applying NFC's capabilities. We are not only ready, but we have also helped create the payments highway for NFC.

In the next few years, analysts expect hundreds of millions of NFC-enabled phones to be in use worldwide, creating almost unlimited potential for emerging media, services and alternative payments. Merchants who can accommodate special offers tailored precisely

to consumer buying habits, offer generous awards for loyal patronage, or simply to complete transactions more efficiently so busy people can be on their way, will be much appreciated — and generate increased business.

## **Larger Retailers Jumping on the Bandwagon**

As one might imagine, major retailers are enthusiastically embracing the latest technologies, such as mobile payments and NFC. They readily recognize that simplifying the shopping experience and maximizing convenience for the consumer is the key to greater sales and profits. So, they're moving quickly to embrace NFC technology to create a meaningful competitive advantage in the changing retail environment.

Larger retailers with deep pockets are jumping on the bandwagon for NFC and a new era of mobile payments, so small to medium-sized merchants need a solution that allows them to keep pace and accommodate shopper demands for the latest payment-enabled social media and online services at the POS. But they need a cost-effective way to do so.



## VeriFone's PAYMEDIA

### Transforming the Traditional POS into the Intelligent Checkout

PAYMEDIA from VeriFone delivers the full potential of online payment-oriented and social media marketing services to the traditional checkout counter in a cost-effective turnkey solution. It's a future-proof way to ensure these merchants can evolve their payment acceptance capabilities without having to make radical—and costly—investments for new features and functions.

With PAYMEDIA, ISOs, acquirers and other resellers can offer small to medium-sized merchants a broad portfolio of payment systems, support infrastructure and services that effectively integrates traditional payment with online discounts, rewards and coupons — as well as the means to capture and use business intelligence — to better serve their customers.

PAYMEDIA consists of a variety of seamlessly integrated elements including:

- Highly secure payment acceptance devices for countertop, portable and mobile use that incorporate the latest technologies, such as NFC and alternative payment schemes
- End-to-end encryption and tokenization to offer the highest level of data protection and full compliance with current and future regulatory standards
- Payment software that accepts a full range of payment types: traditional debit, credit and EBT, as well as contactless payment, EMV smart cards, loyalty programs, branded e-gift cards, virtual gift cards and coupons, and more

ISOs, acquirers and other resellers will benefit from PAYMEDIA in a number of ways:

- Generate new revenue streams from monthly service fees
- A convenient, consolidated and trusted source for next-generation, value-added services
- Get out in front of the wave — easily and efficiently — as payment undergoes an extraordinary transformation over the next several years
- Have a new and exciting story to tell merchant customers
- Take advantage of efficient portfolio management capabilities

The merchants they serve will be able to adapt and leverage new capabilities without having to make a large, upfront capital investment. With the new services-oriented approach to payment acceptance, merchants will be able to pay monthly for an all-in-one turnkey solution that ensures compatibility with new capabilities and services as they become available. In addition merchants will be able to:



- Gain access to cutting-edge mobile phone-based solutions, to remain relevant to consumers
- Consolidate all payment, loyalty and gift transactions onto a single device
- Dynamically manage loyalty and gift solutions to drive more consumer purchases
- Seamlessly integrate value-added services with traditional payments
- Tap into viral marketing more effectively in this digital age

### **A Smarter Way to Accept the Latest Payment Options**

Merchants signing up for PAYMEDIA can choose from the VX Evolution family of payment devices, enhanced for a new generation of payment requirements. VX Evolution provides much more powerful performance, complete security and PCI-compliant solutions, and a thoughtful, highly reliable design in countertops, portable and PIN pad models.

VX Evolution’s support for the latest payment technologies — such as NFC — ensures that even the smallest merchants will be able to stay current with the latest trends — implementing the most innovative payment strategies while cashing in on online media and value-added services to achieve a true intelligent checkout.

ISOs, acquirers and resellers will be able to offer their merchants additional services and alternative payment options as they become available, without having to swap out or manually update equipment.

### **Conclusion**

PAYMEDIA is dramatically transforming the POS for small to medium-sized merchants by making it easy and cost-efficient to create an intelligent checkout and accept the latest payment alternatives — with the highest degree of security and compliance that’s above and beyond today’s PCI standards.

The solution also enables ISOs, acquirers and other resellers to provide merchants with a fully integrated, turnkey solution that drives consumers into their stores. For merchants, PAYMEDIA allows them to adapt to the changing environment and stay ahead of the latest trends in online media and value-added services to help their stores succeed. And for ISOs, acquirers and resellers, the solution puts them at the forefront of the ongoing retail transformation and creates a recurring revenue business model that encourages long-term, service-oriented relationships with merchant customers.



In the years ahead, the retail marketplace will continue to be reshaped by powerful forces created by new media opportunities. PAYMEDIA combines traditional and alternative payment with an array of value-added services and media-based offerings to help ISOs, acquirers and resellers — and their merchant customers — compete and win in the 21st century.