When IP Makes Sense for Your Merchants
By Peter Scharnell

There has been a lot of discussion and anticipation about utilizing the power and speed of the Internet to process transactions at brick and mortar establishments. We are now seeing IP (*Internet Protocol)* processing become a reality. The high cost of bandwidth that was once a limitation to most retail merchants is now becoming a non-issue. In fact, IP solutions now provide cost savings to the merchant, as it reduces the need for additional phone lines and other related costs. Standard Internet connections such as a DSL and cable modem allow merchants to free up essential telephone lines and continue to take calls and send faxes while they are processing transactions. Also, using an IP connection for credit and debit authorizations means that merchants will experience reduced network communication expenses and faster transaction speed because the communication connection constantly remains on. Because of the need for speed in the market place and the cost saving capabilities, more and more networks, terminals and software products are being certified for IP processing. But with all of the new technology and processing options, where does IP processing really make sense for the small and mid-sized merchant.

Do you Want Fries with That?
One very obvious place where the speed of processing is critical is in the quick serve or fast food restaurant environment. We are starting to see more and more terminals at multi-lane fast food restaurants and that is mainly due to the availability of the Internet to provide 2 to 4 second transaction times. In addition, Visa and MasterCard have put together some great QSR processing programs that do not require a signature and guarantee the transaction against chargeback's. This enables the restaurants to process an order in the same amount of time and as securely as cash purchases. A faster transaction means more sales and quicker turnaround times as well as attracting new customers that want the convenience of using their credit and debit cards. Also, studies show that when customers use credit and debit cards for purchases, the average bankcard sale runs 30% to 80% higher than the average cash sale. These are only a few of the compelling reasons for utilizing IP processing at a quick serve restaurant establishment.

There are some similar scenarios like QSR where IP processing makes sense. Any busy establishment such as, nightclubs, theatres, independent grocery stores and convenience stores that have a multi-lane setting and the need for quick transaction time will benefit from utilizing high-speed transaction processing.

Yeah, But is it Safe?
Whenever you mention processing over the Internet to your prospective merchants, security always becomes an issue. Equipment manufacturers are now adding sophisticated security features at the terminal level. Advanced IP-ready terminals such as the Omni 3750 and the NURIT 8320 feature Visa and MasterCard's PIN entry devices ("PED"), and Triple DES (Data Encryption Standard) security regulations that help to reduce fraudulent

tactics such as card skimming as well as; ensure secure software downloads, prevent inter-application data access and tampering at the merchant level. Additional products like Paymentech's NetConnect contain security measures that go beyond standard practices. With NetConnect, merchant's transactions are transmitted with the highest degree of security because Paymentech authenticates every single transaction and requires them to be encrypted using SSL encryption. This gives your transactions an additional layer of security that a typical Internet connection does not provide. And, NetConnect's built-in security features make it a powerful tool against hackers who steal merchant ID numbers and use them to make fraudulent card refunds. When looking at IP products and services for your merchant, always ensure that the security issues are addressed and that you can effectively sell the features and benefits of the secure IP solution.

It's All About Networking
Another area where it makes sense to use high bandwidth technology is for merchants that need to integrate multiple locations or terminals into a single payment and reporting system. Retailers are always looking for ways to integrate their payment processing with a backend system for data retrieval, reporting and reconciliation. IP processing is not exclusively about speed. Merchants can now take advantage of the powerful networking capabilities that the Internet provides. Networking all of your processing, inventory and accounting systems together in one location can drastically help companies run more efficiently and effectively. Think about franchise or multi-location establishments that have a need to tie all of their systems together. While integrating multi-establishment payment processing with backend CRM and inventory management systems used to require big budgets and a development team, the IP technology and software advancements are making it much less painful to accomplish. An MLS should check with their processor or service provider to see what kinds of integrated solutions are available to sell today.

Virtual Reporting and Reconciliation
In addition to credit card processing, retail merchants are now utilizing many value-added products and services such as electronic check conversion, gift and loyalty, and pre-paid cards. The need for keeping track of all these transactions is crucial to the merchant. That's where Internet reporting comes in. Most all of the value-added service providers come with an Internet reporting system that let's the merchant view all of the transaction and processing data via a Website. While you could use a dial-up connection to access this information, a high-speed cable or DSL connection makes it much quicker and easier to access, download and run reports. Merchant's now have 24-hour access to research and reconcile transaction and settlement information, confirm ACH transfers, obtain statement information, accessed at high-speed via a secure Website. By partnering with value-added service providers that utilize the Internet to provide reporting, you are now helping your merchants manage their business more effectively and thus, they are less likely to jump to another processor who can lower their rates a few basis points. In addition, providing your merchants with products that utilize web-based reporting will also be another good selling point as to why they should upgrade to a high-speed connection at their place of business.

In this day and age, the merchant processing industry is becoming increasingly more competitive. By learning how and what IP processing solutions to sell, you are increasing your chances of being able to offer your customers something that your competition cannot. While many high-speed transaction processing products and services are currently in use today, it is important for you to learn what is working and what is still vaporware. Work with your processor to find out the solutions that are currently certified and functioning and then, learn the features and benefits that are available to your customers. This will help you to determine whether to "IP or not IP!"

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