

site-to-site connectivity for

Payment Processing

—| A **PAYMENT PROCESSOR EXTRANET** provides reliable connectivity to **CREDIT, DEBIT, GIFT, PRIVATE LABEL CARD,** and **CHECK PAYMENT** processors. |—

AN INDEPENDENT REPORT ON

Payment Processing Extranet Services

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- ▶ **Do payment processing extranets comply with PCI requirements?**
- ▶ **Can processors be added, changed, or removed as my payment offerings change?**
- ▶ **Is there a cost advantage to using my network provider's extranet service for payment processing?**
- ▶ **Will the speed of my transactions suffer?**

When managed IP (Internet Protocol) data, voice, and security services provider MegaPath acquired IP Merchant Solutions in August 2008, the company added an important new service offering for its retail customer base. In short, it enabled retailers with quick, reliable connectivity to all the major payment processors via its Payment Processor Extranet service. The service provides site-to-site MPLS (multiprotocol label switching) VPN (virtual private network) retail, restaurant, and hospitality customers with a cost-effective solution for accessing leading credit card processors.

The MegaPath Payment Processor Extranet service features fully redundant connections from MegaPath's telco-grade data centers, which ensure processing that's as reliable and secure as any available. The service can be implemented almost instantly, and payment processors can be added, removed, or changed at any time. It's also fully managed, meaning the service provider offers proactive 24/7 monitoring and support.

Why MPLS VPN Service?

MegaPath's site-to-site MPLS VPN service enables you to consolidate all of your business applications, including payment processing, onto a single private network. The company offers up to five classes of service, built-in security, and a wide selection of access technologies including private DSL (digital subscriber line), cable, wireless, satellite, T1s, and DS3 (digital signal 3). MPLS is the fastest-growing WAN technology, and it's widely used by leading carriers around the world. The popularity of the technology is due in part to the performance and privacy offered by legacy WAN technologies, like frame relay, coupled with the flexibility and cost advantages of Internet-based net-

works, like IPsec (Internet Protocol security) VPNs. MegaPath has been offering MPLS VPNs since 2000 and has over 20,000 customer sites using its service.

MegaPath leverages its all-optical nationwide network and MPLS routing infrastructure to provide Quality of Service (QoS), ensuring business-critical applications like payment processing are prioritized for the highest level of quality.

Case Study: Unified Grocers

Unified Grocers (Unified) is a retailer-owned wholesale grocery cooperative that provides grocery products and services to independent retailers throughout the western United States. Unified and its subsidiaries offer independent retailers all the resources they need to compete in today's supermarket industry.

Unified Grocers is an organization that generates approximately \$4 billion in annual sales. This sales volume represents the combination of Unified Grocers' 2007 sales volume (approximately \$3 billion) and the sales volume of Associated Grocers, Seattle, WA (approximately \$1 billion), which was acquired by Unified on Sept. 30, 2007. As the largest wholesale grocery cooperative in the West, Unified now serves independent retailers from Seattle to San Diego; from El Paso, TX, to Boise, ID; and to Alaska, Hawaii, and the Pacific Rim.



SUPPORT MISSION-CRITICAL APPS WITH WIRELESS BROADBAND

Unified Grocers will benefit instantaneously from MegaPath's acquisition of IPMS (IP Merchant Solutions), having worked with both vendors for its network and payment needs for nearly three years. "As a long-time customer of MegaPath and IPMS, this acquisition promises to simplify our transaction processing by further integrating it with our MPLS VPN infrastructure and support channel through MegaPath," said Dan Swofford, retail technology products manager, Unified Grocers. "The MegaPath Payment Processor Extranet service removes the burden of managing processor connections and delivers increased cost savings that we could not achieve on our own."

Swofford says Unified Grocers has a trademarked electronic payments service that it sells to its independent grocery store members. He manages a service department that provides technology services to those retailers. While member grocers are at liberty to choose and manage their own technology services (including payment processing providers), Unified Grocers' relationship with MegaPath facilitates more than \$83 million of the cooperative's annual payment transactions for more than 450 multilane food stores.

"We use Megapath as our primary network to carry transactions to processors," says Swofford. "We used to have our own direct connection, but when MegaPath brought IPMS as a partner to the table a few years ago, we began using them." But according to Swofford, if Unified Grocers had an issue or problem to solve, it had two partners to go to. "Since the acquisition of IPMS by MegaPath, we have a single 'throat to choke.' Now, for support on the payment card extranet, we go to the same support people we previously only went to for help on the network side."

Previously, Swofford's team had built two direct connections to Fifth Third bank for payment processing, and management of those connections was handled internally. "In our current

Why Is QoS Important?

QoS is the ability to provide different priority to different applications, users, or data flows, or to guarantee a certain level of performance to a data flow. QoS is important because it:

- enables the prioritization of business-critical applications
- gives you control over how your bandwidth is used
- ensures consistent, interruption-

configuration, MegaPath built the connections, makes sure they're working, and maintains our redundant paths. Adding additional processors is as simple as buying the service from MegaPath instead of procuring and building the new connections to enable them on our own," he says. In the event MegaPath doesn't have a preexisting relationship with a processor Unified chooses to work with, the two companies will work together to develop one. "Today, all of our payments activity go through Fifth Third Bank. But there are any number of reasons we might choose to add or switch processors. We may change based on rates, we may experience significant change in the volume of a specific transaction type, or we may wish to accept a new or alternative payment vehicle. In those cases, we have the flexibility to make those changes quickly if we see fit."



Unified Grocers handles more than \$83 million in card transactions annually through MegaPath's Payment Processor Extranet Service.

ELIMINATE EXPENSIVE GATEWAY FEES

Transaction fees charged by banks and payment processors can be staggering, especially for retailers with large volumes of card-based payments. The stores Swofford supports handle a lot of volume. "When we went live with MegaPath's Payment Processor Extranet Service, we were one of the first high-volume, multiline plastic processors the company did business with. While most of their other customers were small-volume hospitality establishments, we had more than 450 multiline grocery stores running these transactions in large simultaneous volume," says Swofford. "We've experienced continuous uptime, and as far as the payment gateway is concerned, it's less expensive for us to contract with MegaPath than to do it ourselves and pay the gateway fee." In fact, Swofford says his company has saved more than 30% by making the switch from self-management to MegaPath's managed service. You can read more about Swofford and Unified Grocers in the case study on page 36 in the October 2008 issue of *Integrated Solutions For Retailers*.

MEGAPATH PAYMENT PROCESSOR EXTRANET FEATURES INCLUDE:

- Quick implementation
- Adds or deletes processors easily
- Provides fully redundant access to transaction processing centers nationwide
- Robust security ensures traffic is safe from interception or theft
- Proactively monitored and fully managed customer support
- Supports all major brands, including Visa, MasterCard, American Express, Diners Club, and Discover

free network performance

- prevents critical applications from failing due to network congestion.

Choosing a managed service provider for your site-to-site MPLS VPN service ensures that you don't have to hassle with encryption devices and complex routing schemes that make a do-it-yourself VPN so complicated and time-consuming. Managed services

providers like MegaPath handle the initial design and deployment, monitor the network 24/7, and provide ongoing customer support. Dedicated engineers and field technicians configure your equipment, install it at your locations, and provision all the necessary circuits. And, a dedicated project manager ensures that all MegaPath services are implemented correctly and on time.

Once you're up and running, MegaPath's Network Operations Center (NOC) technicians proactively monitor your MPLS connections and equipment, so if issues arise they can diagnose and resolve them quickly to minimize any service impact. The company even repairs or replaces nonoperational equipment on-site, and it guarantees the performance of its site-to-site MPLS VPN service with a comprehensive set of end-to-end SLAs (service level agreements).

The MegaPath Payment Processor Extranet Service reduces customers' check and credit card processing fees, along with other operating costs related to supporting a legacy (dial or satellite) non-IP infrastructure. Using the service, retailers can connect to as many processors as their businesses require, and the company provides a discount for customers implementing multiple connections.

The Payment Processor Extranet Service allows users to transmit transactions over MegaPath's private MPLS network, which then leverages a pair of redundant private connections between the customer's MPLS VPN and all of the major credit/debit/gift card and check processors, such as Stored Value Solutions and First Data, the largest processor in the United States. These processors support all of the major brands, including Visa, Mastercard, American Express, Diners Club, and Discover.

MegaPath provides users with a low-cost alternative to initiating their own connections to critical credit card processors and delivers fully redundant connectivity via diverse network provider connections, ensuring that retailers receive continuous access to their



processors. MegaPath's fully managed solution delivers the security required by the credit card processors and PCI (Payment Card Industry) standards, routing the customer's cardholder data directly to the processors via private network-to-network interconnects to ensure that traffic is safe from interception or theft. Finally, the transactions are fast — faster, in fact, than SSL (secure sockets layer)-based transactions.

"MegaPath is always focused on providing our customers with the most reliable and secure IP communications services to support their business goals, and with the addition of IP Merchant Solutions we are delivering yet another value-added service to improve business operations," said Craig Young, CEO and chairman at MegaPath. "By providing MegaPath's site-to-site MPLS VPN customers with the ability to easily access leading processors, we are simplifying their transaction management and delivering considerable cost savings."

For more information on
MegaPath's MPLS VPN service,
go to www.megapath.com.

For more information on *Integrated Solutions For Retailers*, this research supplement, and others like it, contact Editor In Chief Matt Pillar at matt.pillar@ismretail.com or (814) 897-9000, ext. 319.

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More than a managed network provider, MegaPath completes any network project by including a full suite of store-based integration services that connect critical C-store/petroleum applications and ensures that customer and corporate data is delivered securely to your key vendors and headquarters over our state-of-the-art IP network.

MegaPath's managed service offering for retail includes:

- **Network Design** — Customer-centric design ensures the right bandwidth, at the right cost, maximizing functionality while reducing monthly operating costs.
- **24/7 Monitoring And Help Desk Support** — MegaPath understands the critical nature of merchant services transactions. Connections are monitored from store location all the way to the processor in order to minimize downtime and ensure rapid problem resolution.
- **Flexible High Speed Options** — MegaPath identifies the right connection type and technology to meet the customer's business needs and budget requirements for 100% of your locations. Whether it's DSL, cable, VSAT (very small aperture terminal), wireless, or T1/DS3s, you can rest assured that your network matches your application requirements now and in the future.
- **Merchant Service Integration** — MegaPath works all of the major processors for credit/debit, ATM, checks, money orders, and prepaid phone and fleet cards. MegaPath adds value by showing each customer the most efficient and cost-effective way to move these services from dial to a high-speed access solution.
- **Serial/Dial-up To IP Conversion** — Many merchant service applications still use dial or serial devices for authorization and settlement. MegaPath uses state-of-the-art protocol gateways, which enable all of your devices and applications to take advantage of high-speed broadband access.
- **PCI Compliance And Security** — As credit card fraud and identity theft increase, pressure on the store operators and major brands grows exponentially. MegaPath is a National Payments Gateway and has met the stringent security requirements of MasterCard, Visa, American Express, and the other card issuers to be PCI/CISP (payment card industry/cardholder information security program) compliant since 2004.
- **On-Site Installation** — MegaPath provides on-site installations with service professionals throughout the United States and Canada.
- **Customer Portal** — Stay in control with our suite of Web-based tools that reduce administrative burden and give you real-time visibility into the deployment status and ongoing availability of your network.
- **SLA** — MegaPath's service is backed by a comprehensive set of SLAs (service level agreements) that guarantee the end-to-end performance and availability of your IP VPN (virtual private network). In addition, dial failover can be added to ensure 100% uptime and performance.

For more information, call

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