

Lethoff, Inc., and IBM provide MBS Systems, a large mid-market retailer, with access to high-speed electronic payment systems



Success in retail can boil down to two elemental concepts: having the right merchandise in the right place at the right time and providing superior customer service. Customer service is measured in the seconds it takes to process a customer through the cash register at purchase time.

IBM Premier Business Partner, Lethoff, Inc., with its hosted, high-speed electronic payment solution (EPS) named the Lethoff Gateway, enables the complete range of midrange retailers, from grocery stores to specialty stores, to decrease process time at the point of sale (POS). Customers also streamline their reporting and ensure compliance with security standards established by the Cardholder Information Security Procedure/Payment Card Industry program (CISP/PCI).

Within three seconds of a customer initiating an electronic transaction, the Lethoff Gateway integrates with the retailer's back office applications, leveraging IBM WebSphere® Application Server and IBM DB2® within the IBM OS/400® operating

system. The Lethoff Gateway processes transaction details through the appropriate banking network, authorizing the transaction and building a settlement record, which ensures proper payment to the retailer.

MBS Systems, the largest provider of retail solutions for university bookstores in North America, and Lethoff jointly market the Lethoff EPS solution. The end-to-end integration and pay-as-you-go capabilities allow MBS to offer its customers economies-of-scale, enabling them to benefit from a high-speed gateway switch for their electronic payment systems. Such a tool previously was affordable to only large retail enterprises.

"By allowing customers of all sizes to enjoy the same high-speed transaction processing service as the largest retailer in town, the combined Lethoff and IBM solution demonstrates how both companies give MBS customers the same priority we do," said David Henderson, vice president for MBS Systems.

IBM Business Partner: Lethoff, Inc.

Lethoff, Inc. provides end-to-end software and communications solutions to multi-location wholesale and retail chains. Lethoff uses information technology to securely process and report consumer sales transactions from point of sale through the payment authorization process. Lethoff is headquartered in Atlanta, Georgia.



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Integrating each bookstore's EPS with the MBS POS application was cost prohibitive until the Lethoff Gateway, with IBM WebSphere Application Server as its interface tool, made that integration possible without requiring additional hardware, changes to POS equipment or modifications to IT infrastructure.

MBS customers have seen their transaction processing time at the POS terminal drop from an average of eight to 20 seconds with a dial-up solution to fewer than three seconds with the Lethoff Gateway. That increased capacity is particularly important during peak periods, such as back-to-school "rushes," and with the growth in the use of electronic payment methods by students.

As an option for large retailers who have the resources to host and manage the product internally, Lethoff does license it as its "Retailer Operated Model". But regardless of whether the Lethoff EPS product is managed in-house or hosted, users realize the direct bottom-line benefits of processing the full range of retail transaction types - credit, debit, loyalty and gift cards - five to seven times faster than the typical dial-up authorization.

CISP/PCI compliance, however, is perhaps even more important to Lethoff customers than Year 2000 issues were in the late 1990s, according to Hans Hellmig, Lethoff president and chief executive officer. "Cardholder data security is a massive challenge, yet 60 percent of retailers have yet to gain CISP/PCI compliance," he said. "Our solution features host data capture, which removes all transaction data from the remote system once the transaction is authorized. That's the security model recommended by CISP/PCI, and a customer who installs our product today would be immediately certified, which could save them millions of dollars."

IBM products critical to building customer loyalty

The scalability and affordability available through Lethoff allows MBS to offer high-speed EPS as an alternative to dial-up. "The Lethoff model made a great deal of sense for my customer population. College bookstores are fairly sophisticated, with infrastructure in place to connect to their campus backbone network and connect to the Web," Henderson explained. "But surprising few have a high-speed facility for communicating directly to authorizers and bank networks."

Hellmig acknowledges the vital role IBM products play within Gateway. "WebSphere, DB2 and the System i™ are key in allowing (Lethoff) to help MBS build loyalty among its customers with a low-cost, versatile and secure EPS," he said. "WebSphere is so easily deployable and manageable, while DB2 is a very dynamic product that interfaces and shares data easily with the campus host systems."

Lethoff participates in IBM PartnerWorld® Industry Networks, which offers a rich set of benefits to all IBM PartnerWorld members who want to team with IBM to build their vertical market capabilities, expand their partner network and attract customers in the markets they serve. It is "optimized" in the retail industry, which means it has developed further specialization by optimizing its applications with IBM technologies, achieving success with its own solutions and other criteria.

"The PartnerWorld Industry Network team has provided an outstanding level of support," Hellmig said. "They've worked with us to ensure that we not only achieved optimized status but also identified programs and resources that we'll be leveraging immediately and into the future. It is critical to our IBM relationship."

For more information

Please contact your IBM sales representative or IBM Business Partner. Or you can visit us at: **ibm.com**

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To learn more about Lethoff, visit: **lethoff.com**

To learn more about MBS Systems, visit: **mbsbooks.com**



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