

Breathing New Life Into Retail Loyalty

ZAPA Goes Live With European Open-Loop Prepaid & Mobile Contactless Roll-Outs Supported By S1 Payment Solutions

While financial institutions, phone manufacturers, and technology vendors just talk about service innovations including contactless, NFC, and open loop, ZAPA Technology is breaking the mould by doing it. Its vision is based on hard commercial reality and experience gained from implementing and running large-scale deployments, day in and day out. Working with its payments partner S1, ZAPA is opening up new ways for European retailers to attract, engage, and reward customers.

Having successfully launched its contactless, near field communication (NFC) enabled ZAPATAG with Irish coffee chain Insomnia, ZAPA is now igniting the prepaid market with the introduction of open-loop city center gift cards, backed by MasterCard and now live in Dublin and Antwerp.

ZAPA is also working with large towns to implement NFC-enabled 'shop local' loyalty tags on mobile phones, incentivizing consumers to use their local retailers and town-based facilities. Thanks to ZAPA, Tuam in Ireland has found fame as one of the largest commercial deployments of NFC in Europe.

John Nagle, CEO of ZAPA Technology, states, "With recession biting hard, retail desire to boost loyalty, footfall, and revenue has never been greater. While other players debate the issues, ZAPA is busy delivering solutions. Consumers are tired of industry talk and hype: they want access to convenient mobile-based payments services and rewards. The technology, desire, and processes are there—all retailers need to do is start using them."

A Question Of Trust

With high street banks now rolling out contactless card programs, the market is ripe for expansion. As contactless becomes widely accepted, NFC, which allows contactless services to be accessed by mobile phones, has the opportunity to become a de



facto for phone manufacturers and a channel for retail services. ZAPATAG is now possibly the largest commercial deployment of NFC technology in Europe.

In this burgeoning market, trust is paramount, and as a result, proof of delivery is a key factor in partner selection. That is where S1 came in. At the heart of ZAPA's proposition lies an S1 payments solution which offers the scalability, reliability, and security demanded by international retailers and financial institutions. It also offers the open systems and inherent flexibility that allows ZAPA to innovate, evolve, and drive new services as it opens up the market for mass NFC and prepaid open-loop propositions.

Robert Shaw, Chief Technical Officer, states, "Today, our business has two fronts—contactless NFC and prepaid open-loop. At the moment, they run as separate applications for different clients. As retailers demands evolve, we see them converging into an integrated offering, giving rise to multichannel, multiplatform, multifunction transaction-based applications that provide a single customer view across multiple retailers.

"When selecting our core systems, we wanted a transaction and payments platform capable of meeting our customers' requirements today, the market needs tomorrow, and our future commercial vision. We chose S1 because it was simply the best and most flexible available. We run an S1 platform at two different data centers in an active/active mode. This gives us 100 per cent availability 24 hours a day, seven days a week, 365 days a year—which is vital to retailers concerned with maintaining the best customer experience possible."

Making NFC Work For Retailers

Earlier this year, Insomnia Coffee Company became the first retail group in Ireland to offer this type of advanced loyalty scheme to its customers. Used in all 32 of Insomnia's outlets nationwide, ZAPATAG now accounts for 75,000 transactions per month.

Speaking on behalf of Insomnia, CEO Bobby Kerr said, "We operate in a very competitive market. As well as offering the highest quality products and service, we have always been keen to offer our customers great loyalty bonuses to help us maintain an edge over the competition. The ZAPATAG appealed to us because it is so convenient for our customers, and gives them much more certainty that they are availing of all their bonuses from Insomnia. It is already proving extremely popular, with over 20,000 of our customers in receipt of ZAPATAGS since the launch."

Initially intended for use in loyalty schemes, the ZAPATAG system works by simply fixing a ZAPATAG (an NFC sticker) to the mobile phone handset. In order to receive loyalty bonuses and rewards after registration, the customer simply taps at the ZAPA reader beside the POS each time they visit the outlet. The technology has the potential for many more applications, from the ability to redeem loyalty rewards from advertising posters to payments facilities.

ZAPA is currently in discussions with other fast food and franchise retailers where high transaction volumes, speed of service, and customer loyalty are vital to business success. In these discussions, the S1 system is crucial in ensuring ZAPA can process transactions to the scale and performance levels required. In addition, S1's ability to generate detailed analysis and reports helps enrich the customer intelligence available to ZAPA's clients and make program implementations more successful.

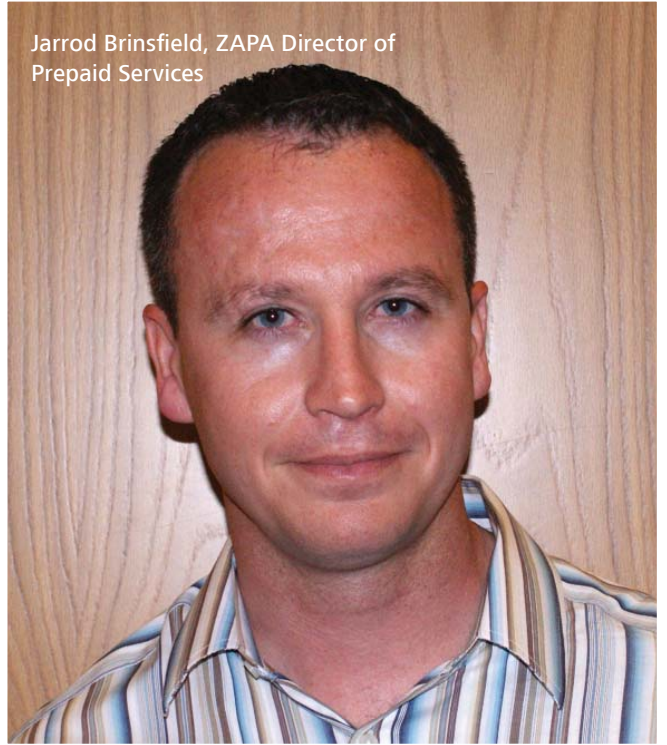
Building Prepaid As a Loyalty Platform

As well as facilitating the company's ZAPATAG transactions, the S1 platform also supports ZAPA's new open-loop prepaid card solution, which allows consumers to access card-held value from a wide variety of participating retailers and venues. Initial implementations include city-wide gift cards which are designed to attract residents and visitors into city center outlets.

The Belgian city of Antwerp became the first European implementation to go live in December 2009 with the launch of the Beleef Antwerpen (Experience Antwerp) card, which is available in denominations of €10 to €150. Thanks to ZAPA, visitors to the city can now choose what they would like to purchase without being constrained by a specific gift scheme. The program has been developed in conjunction with local organizations, a banking partner, and the Flemish government.

The new gift card works on the same principle as a credit card, and can be used in all shops, restaurants, leisure facilities, or businesses in the city center that are equipped with a credit card terminal. The Antwerp scheme is supported by a city-wide marketing campaign involving billboards, banner ads on trams

Jarrold Brinsfield, ZAPA Director of Prepaid Services



and buses, cinema ads, in-store POS promotions, and scavenger hunts in association with member companies.

With over 4,000 retailers involved in the run-up to Christmas, it was crucial that ZAPA's solution could cope with anticipated transaction volumes and multiple retailers. In fact, it was a key part of the initial selection process.

Jarrold Brinsfield, ZAPA's Director of Prepaid Services, explains, "The S1 platform really set us apart from our competitors, many of whom were using proprietary-based systems. It was one of the key differentiators in us winning the Antwerp city business. Using them ensured our infrastructure was streets ahead of the others, particularly in the areas of PCI compliance. S1 took us into a different league by exceeding the stringent performance criteria defined by the partners involved, enabling us to offer a compliance-ready solution that was quick and easy to implement in time for the peak Christmas spending season."

He adds, "Our team has a huge collective wealth of technical and commercial expertise in this area. This is reflected in our choice of S1 as a payments partner, which has given us tremendous kudos internationally and assured our clients that we are able to cope with the largest and most challenging of projects."

Taking Contactless To a Wider Community

Prepaid gift cards are just one of the ways that ZAPA is influencing entire retail communities. With its primary mission to exploit the commercial potential of NFC, whether it be in payments, loyalty, or gifts, it has turned its attention to building a series of blanket community loyalty programs—all designed to get consumers tapping with NFC.

Brinsfield highlights ZAPA's work in this area: "Small local retailers are among the hardest hit in times of recession. Already struggling from the impact of large out-of-town retail parks, many are finding it difficult to survive. To help them, ZAPA is now championing schemes that encourage people to shop in their local villages and towns. With 200 sites already being developed across Ireland, we intend to take local shopping into a whole new dimension."

For example, residents of Tuam, County Galway are becoming leaders in next-generation consumer loyalty technology as the town's retailers join forces to implement ZAPA Technology's unique electronic loyalty scheme. Customers in Tuam simply tap their phones at terminals beside cash registers to avail of discounts, special offers, and other loyalty schemes.

Speaking about ZAPA's initiative, Sarah Roarty, Chairperson of Tuam's Love Your Town initiative, said: "We are delighted that Tuam is first in Ireland to adopt this technology in such a universal manner. The ZAPATAG system is very simple to use and we are confident that the people of Tuam will quickly see the benefit of getting all their loyalty bonuses all of the time. With so many retailers in Tuam offering the ZAPATAG, we believe this scheme will be a huge success for retailers and customers alike."

Flexibility Key To Future Services

As ZAPA's customers and business evolve, it sees its platforms supporting both large and small retailers, offering all forms of EFT payments—mobile, online, and POS—all fed and recorded into ZAPA's central office, based in Dublin.

"S1 gives us a rock-solid core transaction infrastructure from which we can hang future services—as quickly and easily as our commercial needs dictate."

Brinsfield confirms, "Our S1 payments platform will provide us with multifunction, multichannel processing and a centralized reporting platform, offering a single view of the customer. It will support our long-term strategy, converging all services onto the mobile phone. For banks and card issuers, using mobile as a card means lower issuing and replacement costs, greater security, and less fraud. For retailers, it offers greater speed, uniformity, compliance, and intelligent ways to interact with the customer. Customers themselves enjoy a faster, more convenient, less stressful check-out process, with more payment choices and greater access to rewards."

He concludes, "Flexibility is key to achieving this vision. As yet, we have only utilized a small part of the functionality possible with the S1 payments platform, but this will change as our clients' needs grow. In effect, S1 gives us a rock-solid core transaction infrastructure from which we can hang future services—as quickly and easily as our commercial needs dictate. ZAPA is driven by innovation: we are constantly seeking new ways to exploit commercial opportunities. S1 not only keeps pace with us, but its open platform and inherent flexibility gives us new ways to respond quickly to and adapt our service portfolio in line with market demands." □

