

# Electronic payments leadership

*ACI's BASE24 on the NonStop server hits 40 billion transaction mark*

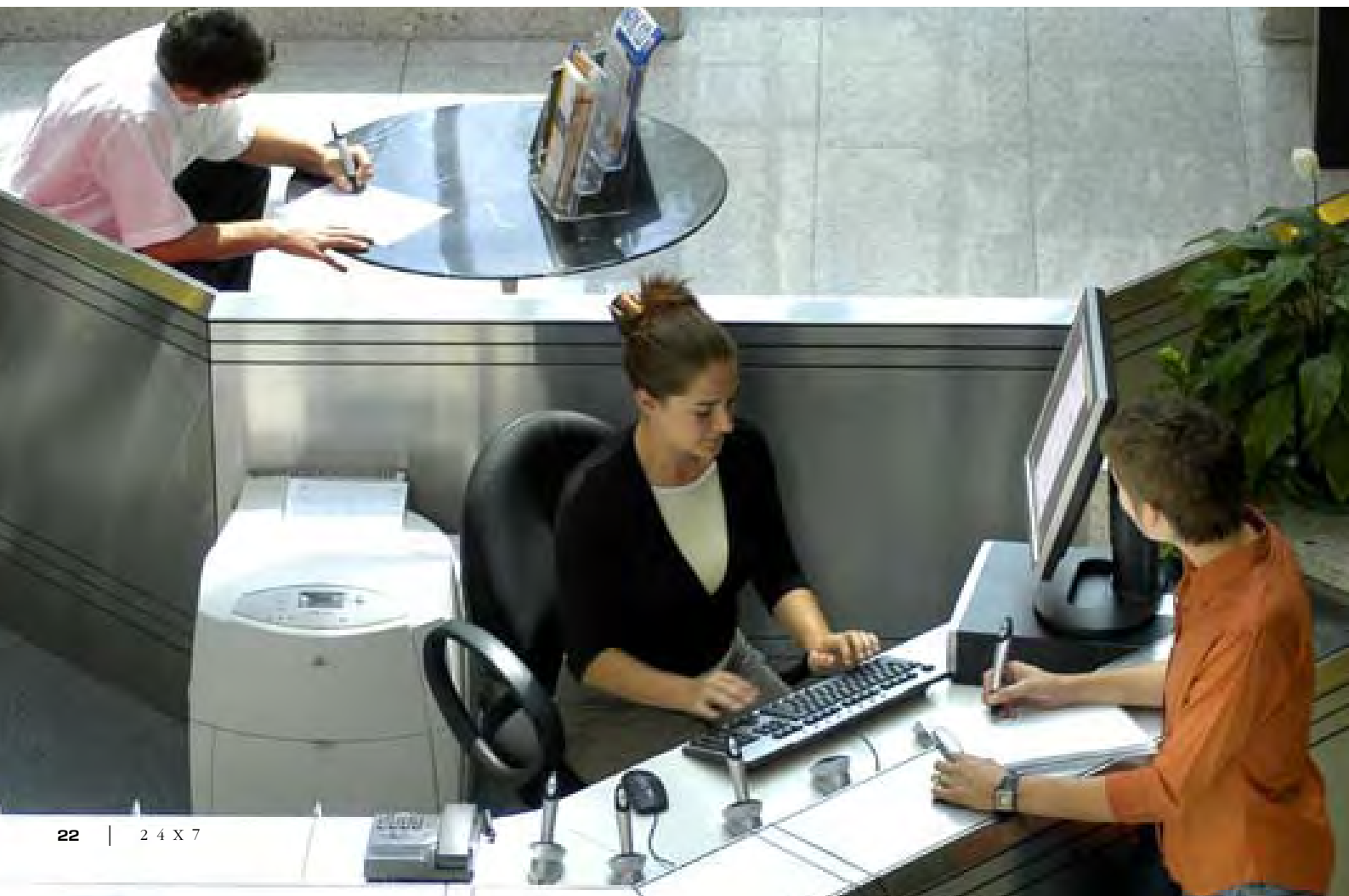
ONE OF THE NICE THINGS ABOUT BEING CHIEF MARKETING officer is that you get to make up words with impunity. Jeff Hale, for example, is partial to “connectibility.”

Hale's literary license is well justified. As CMO of ACI Worldwide—a leader in electronic payments processing software, with over 500 customers in 75 countries—he knows that the ability to link disparate products and solutions is key to today's Adaptive Enterprise. And this is precisely what ACI's BASE24 software on the HP NonStop platform makes possible for major banks, retailers, and e-payments processors around the world.

“Many of the technologies in the marketplace today were designed for fairly homogeneous environments,” Hale explained. “But in fact, you rarely see that kind of environment in large banks; they tend to buy best-of-breed solutions, essentially

becoming the end integrator by putting the solutions together with all their other systems. The combination of HP NonStop technology and our BASE24 product is unique in its ability to support a wide range of communications protocols, as well as a wide range of interfaces into legacy systems and payment networks around the world. This makes it much easier for our customers to change their business models and relationships quickly in response to shifting market dynamics.”

Another way in which ACI application software and the HP NonStop platform help increase enterprise agility is their inherent “start small and grow” capability. “The underpinnings of our joint technology were designed to allow customers to scale in the way that is most cost-effective for them,” said Hale. “This allows a bank to deploy a small debit card program, for example; as customers gravitate to



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The numbers say it all: BASE24 on the NonStop server supports over 13,000 Bank of America ATMs. At Royal Bank of Scotland, the solution handles over 10 million transactions per day; at Barclays Merchant services, it supports over 800,000 points of sale. Capital One uses BASE24 to authorize transactions for more than 46 million accounts. ACI’s BASE24 customers processed over 40 billion e-payment transactions in 2003, for a cool \$3 trillion.

#### **MAJOR TRENDS**

Today, Hale sees three major trends in the electronic payments market that leverage the value proposition of ACI software on the NonStop platform. The first is overall transaction growth. “The increase in electronic transactions around the world is approximately 15 percent per year,” he noted. “This is led by a phenomenal rise in the use of debit cards, which are replacing check, cash, and even lower-end credit card transactions. Debit card usage is growing at 15 to 25 percent a year in the United States, and even faster in some other parts of the world.” The linear scalability of BASE24 on the NonStop server continues to make the solution extremely relevant in this marketplace.

## The right way to partner

ACI Worldwide was part of a major win that HP announced for Toronto-Dominion Bank (TD Bank), one of Canada’s largest financial institutions. The company will provide BASE24 transaction management software, plus application development and maintenance services, as part of the overall solution. ACI’s chief marketing officer, Jeff Hale, was impressed with the collaborative partnership model employed by HP throughout the sales cycle.

“HP involved all the team members in every meeting with the client and in virtually every decision-making process,” he said. “The attitude was, ‘We’re HP and we’re the prime contractor, but we’re not the experts in every part of this solution. We’re going to bring the experts in, so the client can get the best overall representation of the solution.’ HP was very open about bringing the partners—including ACI, Diebold, and Phoenix Interactive—to the table so they could answer the customer’s questions directly.”

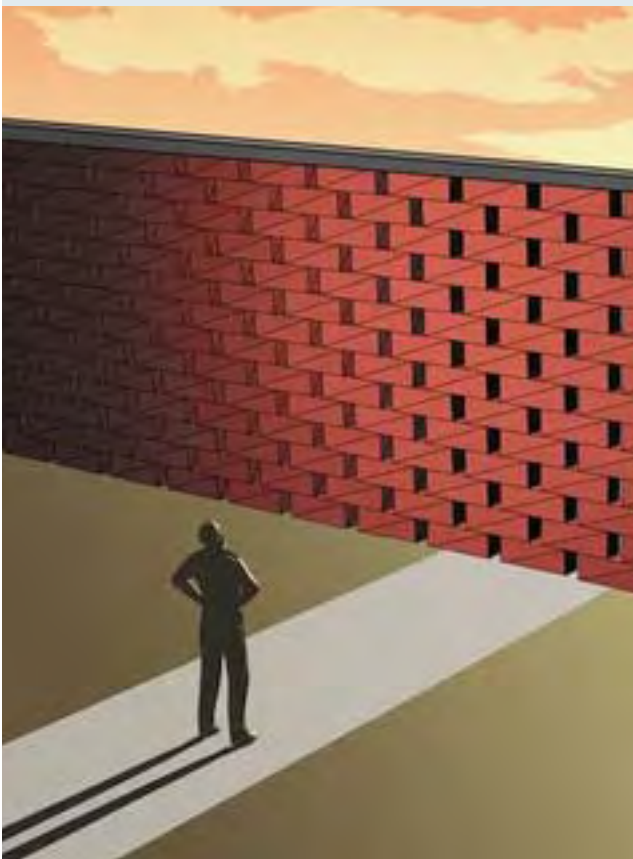
Under the terms of the multimillion-dollar outsourcing contract, HP Canada will manage TD Bank’s network of banking machines and debit card payment systems. The contract also calls for upgrading the bank’s point-of-sale processing systems and 2,400 automated banking machines across Canada.



## Moving in on Big Blue

The powerful BASE24 solution represents a viable challenge to existing mainframe environments, according to Jeff Hale, chief marketing officer at ACI Worldwide. “ACI has been replacing IBM systems since our inception as a company, but sheer replacement is less common today,” he stated. “More often, we find that clients use BASE24 to create enhanced services that they are unable to develop quickly and cost-effectively in the legacy mainframe world.”

“Brick” is a term Hale often uses when referring to a legacy application running on a mainframe system. “The good news is, you have a brick,” he said. “The bad news is, the brick is where critical information like account balance resides. You have to go to the brick for information, but if you want to add value to that transaction, you do it on the NonStop server with BASE24. The mainframe doesn’t have the required knowledge base of real-time customer, product, and transactional information, and it’s also really hard to change. We hear this over and over from our customers.”



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The second trend is one that Hale refers to as “financial dial tone.” Consumers have become accustomed to the fact that ATMs are always available, and that they can always use their debit and credit cards at the point of sale and on the Internet. “There’s not much tolerance for a system that can’t process financial transactions with continuous availability,” observed Hale. “Clearly, the fault tolerance and reliability aspects of the NonStop technology support this fact.”

The heterogeneous nature of global payments networks is the third trend that plays directly to the strengths of BASE24 on the NonStop server. “There are a lot of different technologies within these banking, retail, and payments processing environments,” said Hale. “I don’t see that changing—and NonStop servers have always been particularly good at integrating with complicated heterogeneous environments.”

### **BROADENING THE RELATIONSHIP**

BASE24, which runs exclusively on the NonStop platform, accounts for 75 percent of ACI’s revenue and continues to be the company’s flagship product. Recently, however, ACI released BASE24-es, a new product based on C++ and Java™ technology. The product was designed from the outset to run in multiple environments, including the HP-UX and NonStop operating systems.

BASE24-es

BASE24-es is the foundation for ACI's new Enhanced Authorization solution, a powerful scripting engine that lets users define the way in which transactions are authorized, and this new solution is attracting plenty of interest in the banking community. "We currently have eight clients in the Americas and Europe that are implementing the Enhanced Authorization solution," stated Hale. "They are putting it on the same NonStop servers that are running the 'classic' BASE24 software, and they're doing a wide range of different things with it. Some are using the product for basic transaction authorization; some are using it to detect and manage fraud more effectively; some are using it to help manage smart card deployment. It's interesting to watch clients come up with unique and innovative ways to use the software."

Several ACI clients are also in the early stages of investigating HP's Real Time Financial Services (RTFS) solution, which delivers a unified, up-to-the-second view of critical customer and business information across the enterprise. "We see growing interest in the renewal of ATM and branch systems in many parts of the world, and the convergence of these systems naturally lends itself to a hub-based architecture like RTFS," noted Hale.

HP and ACI are working to broaden their relationship in other areas, as well. ACI has close ties to HP Global Services, and the company also has several successful products—including Proactive Risk Manager and WINPAY—that are frequently deployed on HP ProLiant servers.

But the core relationship still revolves around the NonStop platform. "The pure OLTP market that we serve continues to grow," concluded Hale. "This puts stress on systems, and it creates unique requirements for technologies like the ones ACI and HP have delivered to the market for years. When it comes to electronic payments, ACI software products on the NonStop platform are still the best business solutions leveraging the best underlying technology platform—and our growing customer base proves it." ♦

