IBM

GZS uses IBM Payment Suite to strengthen e-commerce relationships.

As the largest third-party processor of credit card payments in Germany — and the second largest of its kind in Europe — GZS, Gesellschaft fuer Zahlungssysteme, understands the potential of the Internet for creating commerce opportunities. The company, which is a business partner of private, public savings and cooperative banks, also understands the concerns felt by consumers and merchants regarding the security of credit card information crossing over the Internet.

"IBM offers a solid network of business partners who are working together to encourage business... whether it's designing a Web page or helping to distribute goods over the Internet."

—Volker Gerhardt, General Manager of GZS

To tackle the issue, GZS looked at different solutions. The solution it chose came from IBM, including IBM Payment Suite applications and IBM hardware.

"We chose IBM as the right partner in this venture because we felt it was the best way to proceed in building confidence in the Internet for our customers," says Volker Gerhardt, general manager of GZS. "IBM has a very successful and aggressive e-business solution and has its own branches and business partners who can help us make this work."

Good business for everyone

GZS's core competencies are represented by three business divisions: Issuing Processing, Merchant Processing Services and eurocheque Processing. In 1997 and 1998, GZS completed its service portfolio by adopting a gateway service for Internet payments using the VISA Acquiring Processing service. With this service, GZS underlines its claim to a leading position in the card processing market and provides

Application	Security-rich Internet credit card transaction processing
Business Benefits	Expects 30 merchants a month to migrate to its e-commerce process by the end of 1999; expects cardholders using the SET protocol to jump from 5,000 to 50,000
Software	IBM® Payment Server™* IBM Payment Gateway™* IBM Consumer Wallet™
Hardware	IBM® RS/6000®

GZS is making online purchases in Germany more secure with its GZS Internet Gateway e-business solution.

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e-business

complete services for the leading card payment systems in Europe: EUROCARD/MasterCard, VISA and eurocheque.

"We decided to conduct some market research with pilot programs that would help us implement security-rich systems," says Gerhardt. The objective of the research was to decide on a system that would overcome the objections both merchants and consumers have in using the Internet to conduct commerce. By introducing more secure systems, GZS could help foster business on the Internet.

"We felt there had to be a solution we could provide that would give people the opportunity to use the Internet with security as a commerce environment," Gerhardt says. "Of course, our business goal is to collect and process as many transactions as possible, because we make a percentage of money on each transaction. All transactions made over the Internet are new transactions and, in many cases, will replace cash transactions. At the same time, it's also a good solution for card acquirers and issuers."

Trial points the way to IBM

To implement a more secure and reliable solution, GZS chose IBM RS/6000 server hardware and IBM Payment Suite software applications.

"We chose the RS/6000 because it met our strict technical requirements," he says. "We needed server hardware that offers very high throughput combined with high availability. There has to be fault tolerance built into the system, and it has to be scalable so it can grow with our business. The RS/6000 met all those specifications."

By the end of the year, GZS expects 20 merchants to be using its commerce process, with an additional 30 per month migrating over throughout the fiscal year 1999. For these merchants, GZS provides IBM Payment Server, the electronic equivalent of a cash register that organizes and accepts payment for the goods and services selected for purchase. IBM Payment Server uses other components, such as management of the payment gateway, to complete the financial transactions.

On the consumer side, banks provide their payment cardholders — if they want to use the SET Secure Electronic Transaction™ standard — with IBM Consumer Wallet software. The Consumer Wallet software lets a user

make approved payments to authenticated merchants over public networks using digital certificates, which protect a user's identity and financial information with a combination of public and private "keys" that encrypt information. While GZS foresees about 5,000 cardholders using the SET™ standard by the end of this year, the number is expected to jump tenfold to 50,000 users in 1999.

The key to SET is that it is used to identify all parties engaging in electronic transactions — consumers, merchants and the processors who authorize transactions. Initial certification of consumer and supplier is a precondition for transaction security. This is done by trust centers or independent parties who confirm the identity of all system participants in advance.

The third major component of the GZS system is the IBM Payment Gateway software, which translates data transmitted into the protocols of the private financial networks involved in specific credit card transactions. The IBM Payment Gateway software provides message encryption and decryption as well as certificate verification and management. It is the interface that handles the transactions between a merchant and an "acquirer" or the financial institution or agent that authorizes the transaction.

"These are the key components that we need to encourage merchants — and consumers — to conduct more business over the Internet," Gerhardt says. "We are contacting some of the largest merchants in our database to let them know the availability of the service and to help them understand that putting this solution in place will put them on the leading edge of their businesses."

Gerhardt says another reason IBM is essential to the Internet commerce equation is the ongoing service and support it can offer merchants. But for Gerhardt, having the right products is not enough. Just as important is the ongoing service and support it can offer merchants. This is one area in which IBM stands apart from its competitors and that puts it at the head of its class.

"IBM offers a solid network of business partners who are working together to encourage business over the Internet, and that is what will make e-commerce a success," he says. "We know we can refer them to IBM for help, whether it's designing a Web page or helping to distribute goods over the Internet."

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