

# ***Business Solutions***

## **The State Of PCI And The VAR, ISV & Retailer Ecosystem**

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# The State Of PCI And The VAR, ISV & Retailer Ecosystem

By Mike Monocello

Point of sale technology has been evolving at a very rapid pace. At the same time, the payments space has seen an equal amount of change. In both cases, mobility is often at the center of the change and, in both cases, the changes mean that value added resellers (VARs) and independent software vendors (ISVs), who are installing and/or creating solutions for merchants, are forced to keep up.

Integrated Solutions for Retailers (ISR, a retailer-focused magazine) recently conducted a survey of its retail readers on the topic of payment processing. The survey asked retailers — who, as you should know, are mandated by the Payment Card Industry (PCI) Security Standards Council to meet certain security standards — a slew of questions about their current payment security situation. Topics and terms like PCI, Self-Assessment Questionnaire (SAQ), Point to Point Encryption (P2PE), and card data breach protection programs were mentioned throughout the survey. At

the end of the survey, respondents were asked to identify terms they were unfamiliar with that were mentioned in the survey.

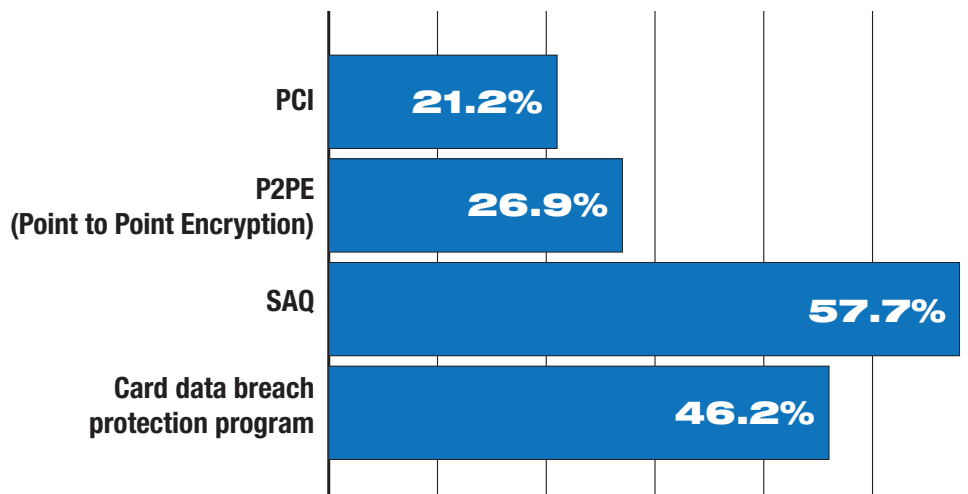
Unbelievably, the survey showed that 10% of retailers were unfamiliar with the term PCI. Other terms and concepts didn't fare much better. For instance, even out of those retailers who were familiar with the term PCI, 20% said they were not aware that they needed to comply with PCI requirements. How does this translate to an opportunity for VARs and ISVs and what steps should you take to convert this opportunity into sales of new hardware and/or software?

"VARs and ISVs can leverage the opportunity by educating their customers on PCI compliance by either becoming experts or looking to their payment partner for information and advice," says Tedd Huff, director of product management, TSYS Acquiring Solutions. "This approach has proven to translate into sales by ensuring the solutions that their customers have, or plan

to implement, have upgraded support to the published PCI standards. Educating their clients on what the retailer is responsible for in relation to PCI compliance will provide opportunities to upgrade those clients to compliant solutions, if they are non-compliant."

Additionally, the survey revealed that 30% of retailers didn't know what an SAQ was. Huff

Which of the following terms/concepts presented to retailers was foreign to them?



Source: Integrated Solutions for Retailers magazine reader survey

***“In all honesty, VARs that we encounter and merchants could care less about PCI compliancy. I feel as if it is only us software companies that care.”***

— anonymous comment from Business Solutions magazine software developer survey

sees this as another great opportunity for solutions providers. “VARs and ISVs can combine the use of PCI mitigation solutions and education regarding what their solution does for retailers, to bring awareness to the importance of the annual SAQ,” he says. “VARs and ISVs that take these actions to reduce PCI scope and educate their clients will reduce the difficulty of their clients’ completion of the annual PCI SAQ.”

Despite a lack of awareness from retailers, in a Business Solutions magazine survey held in conjunction with TSYS, software developers said that they are very aware of PCI requirements, indicating that they spend as much as 40% of their time dealing with PCI and payment security-related issues. In fact, based on the survey responses, ISVs feel that they are the only ones who care about PCI. One ISV said, “The majority of our merchants and resellers do not care about PCI compliance. It blows me away, but it is true. Merchants do not care about PCI until they get breached and are fined.” Another ISV lamented “In all honesty, VARs that we encounter and merchants could care less about PCI compliancy. I feel as if it is only us software companies that care. The industry is still, to this day, ignorant about the topic of PCI and it is unfortunate.” Additional follow-up interviews showed that many developers feel burdened by payments issues and would prefer to focus on core functionality improvements.

Huff says that ISVs can reduce the amount of time they spend on these tasks by partnering with TSYS to benefit from best practices, PCI mitigation solutions based on PCI Council guidance and the extensive experience of TSYS with certification and analysis. Another option is to pursue integrating one’s software with a payment gateway that takes software out of PCI scope. Essentially,

we’re talking about moving the payments-related components of software to a third-party gateway, removing liability for the payment processing portion of software.

Despite what ISVs says about ignorance from the VAR community, the Business Solutions survey showed that 87% of VARs feel properly trained to discuss POS security and PCI with merchants. If you’re a VAR in the minority, you have to get a grip on PCI requirements, which aren’t going away. Looking closer at the retailer survey data revealed that many of these uneducated retailers fall into the tier-3 and -4 category, a sweet spot for VARs. What this means is that you get yet another opportunity to play your trusted advisor card and help these retailers out. That is, assuming you, yourself, are well-versed on the PCI Data Security Standard DSS). There’s a great opportunity to add PCI-related services to your line card. Offering such services not only can provide you with a new service to offer, but it can get a great conversation started with your customers and potentially lead to additional hardware and software sales. Indeed, 85% of VARs surveyed indicated upsell success when related to PCI.

If you’re not hip to PCI, I’ve got good news -- the Retail Solutions Providers Association (RSPA) offers its PCIwise educational courses/certification program to help get you up to speed and on your way to providing not only priceless advice to your customers, but services you can turn into revenue generators.

If you’re looking for help beyond or in addition to the RSPA, Huff says that VARs and ISVs can utilize the TSYS Partner Portal at [www.tsyspartnerportal.com](http://www.tsyspartnerportal.com) to learn more about security solutions, participate in the company’s webinars on security, review thought leadership articles, and gain access to the TSYS VAR newsletter. ●