

Handpoint*



Davíð Guðjónsson, CEO of Handpoint, explains how a new generation of super-capable, intelligent terminals is helping merchant service providers (MSPs) to reduce merchant churn and create powerful, flexible new solutions.

A distinct pattern has emerged in technology development over recent decades. First, innovation happens at the level of hardware. Think about the switch from mainframe computers to PCs, or from basic mobile telephony to smart phones. Next, innovation switches focus from hardware to software. In both computing and mobile devices, this has meant the emergence of “apps” – specialized software that leverage those hardware innovations to create new, valuable solutions for previously intractable problems.

“The first wave of basic POS terminals is reaching sunset, to be replaced by a new wave of intelligent, super-capable devices that do more than just payments.”

When it comes to payments, we’re seeing a similar trend. The legacy terminal hardware that offers basic functionality to accept credit, debit and even contactless wallet and card transactions is reaching its sunset years. It’s being replaced by a new wave of intelligent, super-capable devices that combine payments with software for business intelligence functions such as smart inventory, sales analytics, refunds, and split bills. These new solutions not only save merchants on administrative time, labour costs and hardware, but also help drive growth through almost endless possibilities for value-added services.

“MSPs need to deliver a value-added POS solution to market that enhances merchant loyalty and cuts the churn they currently experience in their customer base.

To solve this problem, MSPs need to differentiate their offering to merchants and deliver value-added solutions to merchants, both on day one and over a longer time period. In doing so, they will enhance merchant loyalty to and reliance on their solution and create more stable revenues and profits – which will, in turn, enable them to invest in business growth.”

The factors driving change at checkout

Three fundamental shifts underpin the move to new, smart POS systems. The first, accelerated by COVID, is an overwhelming shift away from cash and towards electronic payments. Data from TietoEVERY, among a raft of other sources, suggests that eight in ten Europeans now favour contactless electronic solutions for any payment occasion¹. That, in turn, is leading to a second shift: a huge expansion in Europe's smart terminal estate. Proprietary research from Payments Cards and Mobile reveals² that Europe's POS estate grew by 8% last year, with growth of 30% predicted by 2026.

A third market shift leading to the current proliferation of smart POS systems is rising merchant expectations. Today's consumer is looking to pay using a multitude of different options, from instant payments

to contactless cards, digital wallets and cryptocurrencies. Merchants expect terminals to be able to accept all these different forms seamlessly. Finally, merchants also want their terminals to sync with other business functions such as loyalty systems, billing, inventory and stock management, and logistics.

What it means for Merchant Service Providers

Such strong market demand might sound like good news for MSPs, but some long-standing challenges remain. Up to 25% of merchants switch their acquiring relationship from one year to the next in pursuit of lower costs, viewing acquiring as a commodity service. This can have a dramatic, cyclical effect on MSP revenues, and make it hard for MSPs to plan for growth as revenues and profits become unpredictable.

Smart POS: mobile, capable and secure

One of the relevant innovations for MSPs is smart POS. Smart POS terminals such as the PAX A920 represent a quantum leap in functionality, given their low weight, portability, capacity for updates over the air, and the ability to add new functions via an app store, much like a mobile phone.

Handpoint has combined the potential of PAX smart POS terminals with the Handpoint international platform to deliver flexibility and security via a novel architecture not available elsewhere. The Handpoint payment platform powers PAX smart POS terminals with Handpoint's internally-developed P2PE payment application (completely independent of PAX BroadPOS, PAX

POSitive or 3rd-party payment software). This application encrypts and controls all payment data flows, while facilitating customisable tokenisation schemes. MSPs and merchants can combine secure payments with customer insights from every single dip, tap, or swipe. Further, Handpoint's semi-integrated APIs enable apps to leverage Handpoint security and stay out of sensitive data flows, whether they are running natively on PAX Android terminals or in the cloud.

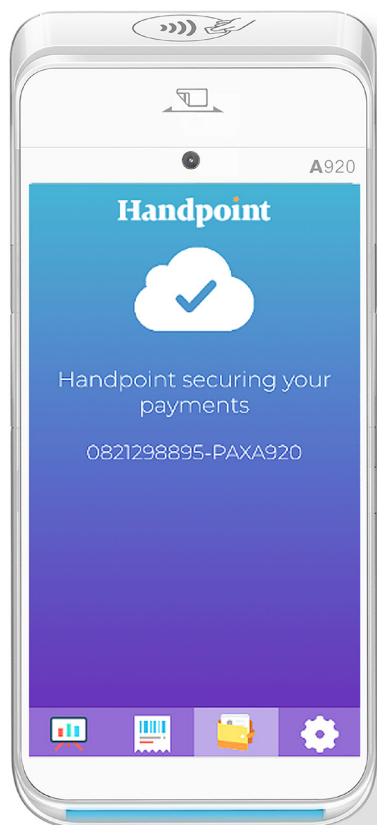
For MSPs in the US, UK, Canada, Europe and South Africa, this platform gives them a solution that they can bring to market with unrivalled speed, flexibility, and control across a wide number of acquiring platforms, with certifications already spanning multiple continents, currencies, and languages.

"Handpoint's innovative POS device builds on top of PAX smart POS terminals such as the PAX A920, including a proprietary "software terminal" not available anywhere else to give MSPs unrivalled flexibility, security and control.

In practice, this means MSPs can offer merchants solutions for even the most complex payment needs, combining traditional POS purchases with online sales, inventory, logistics and other functions."

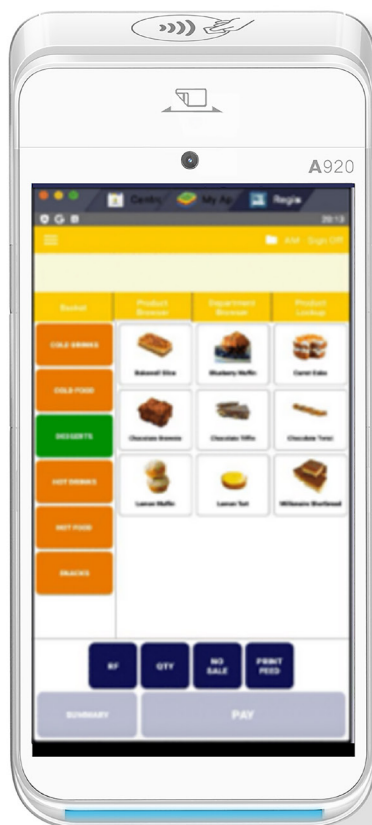


Handpoint on Pax SmartPOS: Unrivalled Functionality and Flexibility



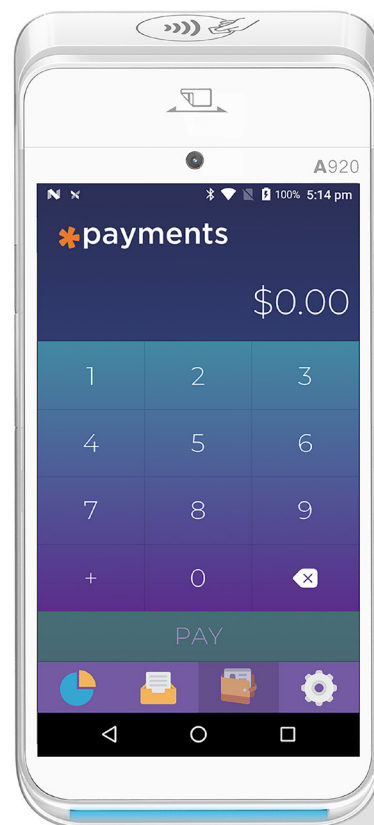
Cloud Payments

POS software on any web, computer, or tablet communicates seamlessly with smart terminal



All-in-One

Any 3rd-party software with fully embedded payments



SmartPOS Standalone

Brandable smart standalone loaded with business intelligence

For MSPs that want an in-demand standalone terminal, the Handpoint PAX smart POS is brandable, able to create a distinct identity for anyone – from the MSP to even the smallest merchant. The solution is easy to deploy and can handle all aspects of omnichannel payments, from standard card transactions to mail-order/telephone order (MOTO), recurring and pre-authorised payments, end-of-day reporting and analytics, tip splitting for hospitality, and more.

Going beyond standard functions, Handpoint's proprietary payment software for PAX smart POS terminals also allows multiple merchants to share the same terminal seamlessly – a multi-MID functionality useful for businesses like salons or other services where a shared checkout experience supports separately underwritten merchants.

Handpoint's essential advantages

A simple, flexible Smart POS platform:

- Handpoint's secure terminal application and management system tightly controls every transaction and your entire terminal estate
- Brandable app for PAX Android terminals
- Easy to deploy terminals, with no need to reconfigure internet protocols or manage firewalls
- Easy over-the-air key injection, updates, de-activations, and upgrades
- Handles all aspects of omnichannel payments, including:
 - standard card and wallet transactions
 - mail-order/telephone order (MOTO)
 - pre-authorised payments
 - tokens with and without sale
 - AMEX, Diners, VISA, MC & more
 - real-time business analytics & end-of-day reporting
- P2PE security with numerous security layers to tightly control terminal communications
- Seamless support with real-time data on every transaction
- Airviewer for cost-effective virtual support

Easily achieve value-added services with:

- Interface with third-party apps for loyalty and more
- APIs for web or native applications
- POS software that can be run on the terminal, PCs, tablets or web
- Multi-MID capabilities, vital for key verticals

Finally, Handpoint enables MSPs to support a wide variety of software solutions. Handpoint PAX smart POS terminals can be readily enhanced with third-party applications. Thanks to Handpoint's native APIs, it's possible to run POS software right on the terminal, ideal for everyone from restaurants to events to bus ticketing platforms. And for more traditional checkouts, Handpoint Cloud APIs enable software on PCs, tablets, or even the web to drive the secure terminal software effortlessly.

A smarter future

Digital payments are evolving rapidly after COVID. The next generation of payment types, from wearables to omni, is emerging – and POS terminals need to keep pace with merchants' need for increasing flexibility, functionality and ease of use. By offering smart, light, mobile terminals with a vastly increased range of functions, MSPs will

enhance merchant retention because happy merchants will build their businesses around the suite of applications offered by the MSP. In doing so, merchants will be less likely to switch acquiring relationships every year – and that, in turn, will help MSPs to deliver more consistent profitability and more predictable revenues.

Handpoint's software terminal on PAX smart POS devices is a feature-rich, brandable solution capable of powering modern payments needs with maximum security, flexibility, and control. As merchants continue to embrace digital payments and move away from cash, the Handpoint PAX A920 represents a smart choice for a smart future.

1. See TietoEVRY, 8 October 2020: <https://prep.tietoenvry.com/en/newsroom/all-news-and-releases/press-releases/2021/03/time-for-biometricsecurity-on-contactless-cards-new-research-from-tietoenvry-reveals-uk-consumers-contactless-concerns/>

2. www.paymentyearbooks.com

To find out how your merchant customers can benefit from smart, mobile and super-capable POS terminals, get in touch sales@handpoint.com or visit www.handpoint.com

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