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Don't Resist Going Digital, Embrace It!

ROTI

Alex Choi,
President & CEO
bbPOS

With **bbpos**

mPOS will prevail

Elevate Your

Business Beyond Point of Sale

Back in 2008, when the world was under the path of economical turmoil, one company realized that the world of payments needed a real overhaul. In fact, its a complete paradigm shift as change gurus like to say? Payment transactions have gone digital for years and yet it has not enjoyed the so-called savings in terms of cost, speed and ease-of-use usually associated with going digital. The company has set out to transform payments with the little innovation that they held dear to their hearts. Coming out with working prototype and samples were not the real issues but it was convincing the world that their little gem was a game-changer, one that the world over would jump on the bandwagon to embrace as all needed that little push, that little breakthrough in times of turmoil. How have this 'little' company (self-claimed as start-up) continued to outperform the market's expectation? Well, let's listen to what the President & CEO of bbPOS, Alex Choi has to say about their struggles over the years...

CN : Tell us how did the name BBPOS come about...Business Beyond Point of Sales? How so in this digital era?

We invented the first mPOS that connects to a smart phone through audio jack shortly after the smart phone became popular. We were limited by our internal resources as well as technology availability at that time but we have always believed that mPOS technology can do much more than accepting payment. We gathered the few inventors and sat down to discuss and came up with the name Business Beyond POS symbolizing our belief that one day as technology advances and our internal resources allow, we shall be able to develop a solution to the market beyond payment acceptance.

CN : As the original inventor of the first mPOS device in the world, what was the original hurdle & obstacle that this invention was supposed to overcome?

There were two major challenges when we built the first mPOS device.

First of all, as this is a new invention we had to design the whole solution including the hardware, software as well as the firmware. Many components that were common in traditional ePOS terminals could not be used due to many factors like size, power consumption as well as costs. Fortunately, our design team had hardware, software and firmware expertise to tackle each area and we have gained a lot of knowledge during the process.

Another big challenge was getting the user to accept this new technology that can provide more advanced functionality yet it is just as secure as the traditional ePOS. This is extremely important as payment technology has been built on trust and proven technology and it is never easy to bring a new



technology into the industry. Thanks to PCI and EMV as well as other standard setters in introducing the necessary standard, we are very proud to say that all of our products are certified by global organizations including PCI and EMV for contact and contactless transactions.

CN : Were you ever surprised that the world of retail & payments embraced mPOS technologies so readily & encompassing?

Yes and No. No in the sense that we have always had high confidence that mPOS technologies, given its additional functionalities etc., would solve some of the existing problems in the retail & payments industry.

By the same token, I think no one is not surprised by the speed of adoption of the technology by various industries. In addition, the introduction of new payment method like electronic wallet etc. has presented a new challenge to the payments industry that our devices now have to be prepared to accept other payment media like ApplePay, AliPay and Google Pay etc.

Cover Story - BBPOS

CN : BBPOS has gone beyond merely supplying mPOS devices; you also supply gateway, terminal management services & other tailor-made integration software as the one-stop shop?

This is correct. We are able to do this because we gained plenty of knowledge in hardware design, software development, data flow as well as all the major specifications/regulations on POS terminals when we designed the first mPOS device. By supplying a total solution we are able to provide a seamless experience to our customers. This knowledge and capability of ours makes it very easy and convenient for our customers to pick and choose the area that they would like us to support them on knowing fully that we also understand how the rest of the system works.

CN : Share with us your memorable & joyous occasions when customers like Roam Data, PayPal, Groupon and such signed up as customers.

While I cannot talk about our customers as we have a very strict non disclosure policy, I can share with you that signing up the first customer is always the most joyful occasion for us. Back in year 2009, it was not easy for us as it was only a few of us in the team trying to sell to big corporations like Microsoft etc. especially on a technology that is very new and unheard of. We had to knock on many doors before one of the biggest online payment company decided to give the technology a try. This has proven to be a major success for both parties since by leveraging mPOS technology our customer has been very successful in bringing itself from a pure online payment processor to a full blown online/offline payment processing business.

CN : Constantly we hear argument that devices utilizing audio jack is never as secure, true or false?

This is not true. All certified mPOS devices despite its connection method (audio jack, Bluetooth, USB) to the cellphone/tablet provide the same level of security prescribed by EMV and/or PCI. The added advantage of an audio jack connection is that the user will only need to operate one device instead of two in the case of a Bluetooth connection.

CN : Audio jack or bluetooth, how should one decide which is more suitable for their retail experience & environment?

Audio jack and Bluetooth has its own merits and it always depends on the application. We see a current trend of moving away from audio to Bluetooth and even then its reasons are not related to security. For example, in all of our devices even with audio jack we have Bluetooth capabilities to increase our over-the-air (OTA) speed.

CN : In your opinion, mPOS products should have a short or long product life-cycle, especially it is meant to be a mobile device? Why?

mPOS devices are designed to stand shock, dust and water just like any other mobile electronic device. We designed our product to have a long product lifecycle but at the same time easily upgradable to add a bar/QR code scanner, an LED screen on the product so that the device can easily adopt to new application. This follows our vision of 'Business Beyond POS'.

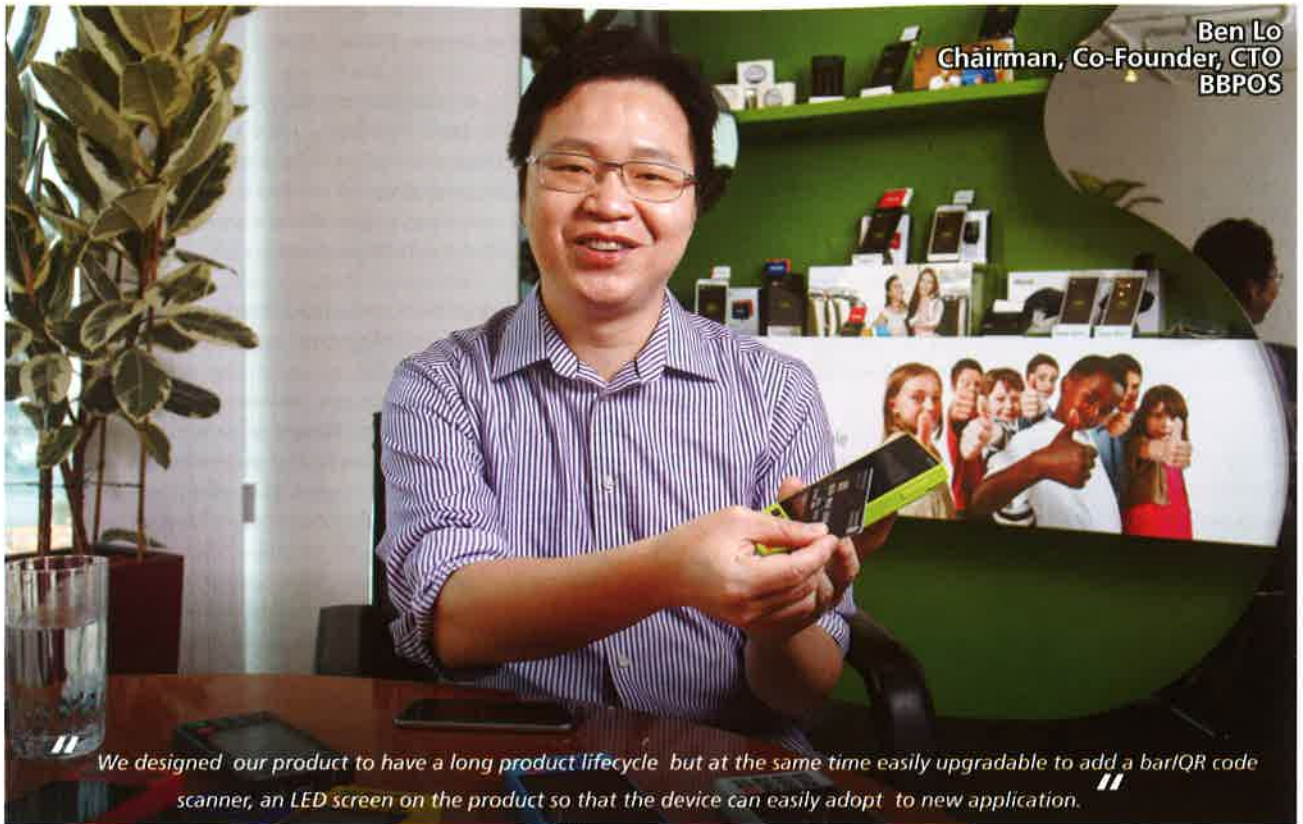
Another very important feature of an mPOS device in addition to long lifecycle is easy-to-install and maintain. Unlike traditional POS terminal that requires regular maintenance



“ We look at ourselves as a startup with a global ambition. We certainly behave a little bit like a start up in the sense that we are open to new ideas and we experiment with many technologies with the objective of delivering the best customer experience. ”

Cover Story - BBPOS

Ben Lo
Chairman, Co-Founder, CTO
BBPOS



"We designed our product to have a long product lifecycle but at the same time easily upgradable to add a bar/QR code scanner, an LED screen on the product so that the device can easily adopt to new application."

visits by an engineer, the mPOS is designed to require low maintenance. It is not uncommon that the device is sent to the customer by post and the user can even set up the device themselves. The easy-to-install, low maintenance and robustness of the device are all part of our design.

CN : What are the risks & concerns that most acquirers have in implementing or avoiding mPOS adoption?

I think the acquirers have done a lot in embracing the technology. The way I see it, the biggest concern for the acquirer is the resources required in integrating mPOS hardware and obtaining various certification. In BBPOS, we assign a technical support manager for each of our customers. This local technical manager is supported by over 70 engineers in Hong Kong to ensure that our customer can easily integrate our device into their existing gateway and obtain end-to-end certification in the shortest period of time.



"In all of our devices even with audio jack we have Bluetooth capabilities to increase our over-the-air (OTA) speed."

CN : With shipments to 51 countries & holding a global market share of about 25%, are there any other goals or targets that you set forth for your team to achieve?

We have a mission statement of "mobile, simple, secure payment everywhere". In addition to these countries that we have covered, we also have the goal of achieving a wider adoption of mPOS payment. There are many situations where mPOS can be the perfect solution ranging from micro mobile merchants to large retail chains using mPOS to supplement their existing payment acceptance system.

CN : Hong Kong, as BBPOS' HQ is deemed as the Centre of Excellence. How has the location of Hong Kong been strategically beneficial to your global business?

Hong Kong is a perfect location for us for many reasons. Firstly being one of the most important finance and banking hub of the world we have many opportunities to experience and meet professionals and companies in the payments industry. Being close to China allows us to fully utilize the cost competitiveness of China as well as engineering capabilities. Finally, a cross cultural team allows us to support and serve global customers.

CN : Currently, what is your most attractive product offering to the market as a whole? Why didn't your competitors think of such too?

We currently have three product groups that are receiving the most attention. In North America where it is the chip and signature market our Chipper2X series of product is getting a lot of traction. This little guy processes magstripe, EMV and NFC transaction as well as ApplePay. It features an audio jack

Cover Story - BBPOS

connection, Bluetooth over-the-air (OTA) update capabilities and extensive battery life. The user can also turn this into a standalone bluetooth connected product by adding the Chipper Cap that has an LCD screen, among other feature, to the device.

The Wisepad2 is a chip and pin product with extended memory and direct connectivity to the network via WiFi, 2G or 3G network as well as Bluetooth capabilities. This means in addition to the current mPOS norm of connecting to a cellphone, the WisePad can connect to the gateway directly and hence reducing the total cost of ownership by a significant amount. This device is perfect for both standalone application for individual merchant or a supplement to a larger merchant that requires addition payment acceptance capabilities at certain time.

The WisePos is a fully-integrated payment device that is built on an Android platform. It also has 3G connectivity, a 5M camera, a barcode reader as well as a card reader module that reads magstripe, EMV and NFC. We see this as the next generation of POS terminal that can be used in both fixed and mobile environment. We designed this device to be Android-based as we like the open platform that allows a large number of developers to build Android apps to be used on this device.

CN : How would you differentiate your Android WisePOS device as compared to the likes of Windows-based tablet like Panasonic ToughPad FZ-R1?

Both the ToughPad and the WisePos represent the next generation of product where a payment device is no longer a payment device but becoming more of a device to assist the

shop owner/manager. While this is the trend, it is important to look into all the details where, as we say, "the devil is". When we designed the WisePos we have to take into account the security element, the payment industry certification process, the acquirer current set up and most importantly the user experience into account. For example, we chose an Android platform as it allows different developers to develop apps. Our engineers also have a clever way in making sure that no malicious apps can find its way into a WisePos. We have also added some essential tools like a camera and a barcode reader that will allow the device to accept the latest form of payment eg. QR code etc.

CN : With factories & contract manufacturers in Dongguan, China, you are able to produce close to 4 millions devices a year. How soon are you expected to raise that capacity?

We deploy a turnkey OEM model and leverage on the best electronic manufacturing capabilities in China. Our current suppliers deploy the latest manufacturing know how and have the capabilities of easily increasing capacity as and when needed. Having said that, we are watching out for good manufacturing partners to cope with our expansion.

We also understand manufacturing knowledge and know how it is critical for a company like ours. We are building a 2,000 sqm product development centre where we will have the best-in-class quality lab, product engineers, production engineers as well as manufacturing facilities that allow us to develop and experiment with new products at a fast pace. At the end of the day, speed-to-market is one of the most important element.



CN : With many regional sales offices to serve your global customers, are you still facing any potential service or delivery hiccups along the way?

We currently have offices in San Jose, Singapore, London, Shanghai, Hong Kong and we have plans to open offices in Beijing, Melbourne, Dubai and Sao Paolo.

All of our offices have sales, customer service, technical support as well as marketing function. They are all set up with the objective of supporting and servicing our global customers.

I don't think anyone can claim that there will never be delivery hiccups. While we endeavour our best to make sure every delivery is perfect, we believe it is equally important that we are ready to rectify any issues that may arise and support our customers immediately when something goes wrong. "Focus on our customers" is definitely one of the seven BBPOS core values.

"Our current suppliers deploy the latest manufacturing know how and have the capabilities of easily increasing capacity as and when needed. Having said that, we are watching out for good manufacturing partners to cope with our expansion."

CN : Tell us more about your treasure chest - the portfolio of perpetually licensed, pending & issued patents that meant the world to your innovation & production.

We have 12 patents and 2 perpetual licenses with many patents under development. We look at innovations as our core competence and our 70-people strong engineering team never stop thinking about the next product development.

CN : In what ways has your background in Electronics, Accounting & Finance benefited your daily role as the CEO of BBPOS?

I fell in love with electronics ever since I got my first computer when I was young, a Commodore Vic 20 (probably show age). Having obtained an Electronics Engineering degree at the University of London, I am very glad that I am in the industry that I really love.

My Chartered Accountant training makes me very sensitive to numbers as well as giving me exposure to how good companies are built and run. I look at my role as a designer of a business with the objective of building a visionary and trend-setting global company in our industry

CN : Would you still consider BBPOS as a startup among the giants of POS manufacturers of the world? Why?

We look at ourselves as a startup with a global ambition. We certainly behave a little bit like a start up in the sense that we are

open to new ideas and we experiment with many technologies with the objective of delivering the best customer experience. We have a very flat hierarchy and everyone's voices and ideas are heard and tried out. We do not want to stop this innovation culture.

At the same time, we always have a global mindset in everything that we do. This is reflected in our leadership team as well as our company culture

CN : If you need to choose between delivering customer experience or product innovation, how would you prioritize?

I do not think delivering customer experience and product innovation are mutually exclusive. I believe the sole objective of product innovation is to improve customer experience whether directly or indirectly. Every product and innovation that we build have always had the objective of bringing an even better customer experience. We should never innovate for the sake of just innovating.

CN : At the end of the day, how would you want the industry to remember BBPOS in the back of their minds?

This is a very interesting question as we discuss this very often amongst the group of founders. We would like to be remembered as a knowledge-based, customer-oriented and technology-focused company. Everything that we do is based on our knowledge and we provide the best-in-class customer experience by leveraging on the most relevant technology. 