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ViVOtech forging ahead

Contactless technology firm ViVOtech sees smart mobile devices as the future of point-of-sale payments. Robin Arnfield talks to ViVOtech president and founder Mohammad Khan about his plans for the future and the company's recent trials with near-field communication technology around the globe

ViVOtech develops software and hardware that turn mobile phones into payment devices. Its software enables consumers to download applications including payment card credentials, retail loyalty points, and e-vouchers over-the-air (OTA) via SMS to mobile wallets stored on their handset. They can then make purchases and redeem rewards points and e-vouchers over near-field communication (NFC) contactless links to NFC-enabled card readers.

ViVOtech president and founder Mohammad Khan says the Santa Clara, California-based company has shipped over 800,000 of its ViVOpay NFC readers in 35 countries. The ViVOtech terminals are able to accept payments by contactless cards and key fobs as well as NFC-enabled mobile devices.

“We have 75 percent of the total installed base of NCF readers worldwide,” Khan says.

“We have supplied our m-wallet, OTA application provisioning, and mobile marketing and loyalty software to over 30 NFC payment trials around the world since 2007.

ViVOtech develops application platforms to enable shoppers to use their smartphone either near or inside a store to view product promotions and marketing information.

“They can wave their phone against a touchpoint such as a poster to receive information

about the products they are interested in buying, for example pricing or product reviews,” Khan says.

“This makes shopping a much more convenient and efficient experience, as consumers don’t need to search for shop assistants to answer their questions.”

Alliances

Khan founded ViVOtech, which is privately held with backing from investors such as Citigroup, First Data and Nokia, in 2001.

“I previously spent 15 years at US payments terminal vendor VeriFone and was very involved in the drive to make mag-stripe cards the dominant payment medium,” he says. “In 2001, I realized that the future of the payments industry was mobile, since attempts to roll out smart cards in the US had failed.”

Khan says ViVOtech has developed a mobile ecosystem that links up mobile network operators (MNOs), card issuers, and retailers through NFC technology.

“ViVOtech is 100 percent focused on the physical merchant space, not on remote wireless payments,” he says.

Khan says remote mobile payments, in which consumers use either SMS text messaging or the mobile internet to make purchases, has proved too cumbersome to win mass adoption.

ViVOtech has alliances with VeriFone; handset vendors such as Nokia and Motorola; Citigroup; ATM and retail technology vendor NCR; US telco Sprint; First Data; and mobile banking and payments firm Monitise, which in December 2010 agreed to promote ViVOtech’s m-wallet software to its US bank customers.

Innovation

Recent ViVOtech trials

ViVOtech’s NFC mobile technology was used for a field trial with the BART (Bay Area Rapid Transit) system in 2009 in San Francisco, California.

ViVOtech took part in Guatemala’s first NFC trial in 2008, partnering with Visa, Compañía de Procesamiento de Medios de Pago de Guatemala (Visanet Guatemala), Banco Industrial, and Banco Uno.

ViVOtech was selected by Brazilian MasterCard acquirer Redecard in 2009 to help roll out PayPass contactless technology in Brazil.

Citi Canada, MasterCard and Canadian telco Bell Mobility selected ViVOtech for an NFC trial in September 2008.

Pilots

Randy Vanderhoof, executive director of the Smart Card Alliance, a US-based industry association, says the NFC pilots ViVOtech and its partners have been involved in are moving rapidly towards commercial deployments.

“The future looks promising,” he says.

So far, the biggest NFC trial worldwide is the pilot that was launched in Bangalore, India in July 2009 (see EPI 273). ViVOtech provided NFC software and contactless readers for the pilot, which involved 3,141 Citibank India customers and 250 merchant locations including department stores, food courts at shopping malls, fast food chains, and cinemas.

During the 26-week pilot, Nokia NFC-enabled cellphones supplied by Vodafone were used to make 43,527 contactless credit card purchases totaling INR26.04 million (\$573,700).

In a March 2010 report Edgar, Dunn & Company (EDC) directors Samee Zafar and Pascal Burg wrote that the Bangalore trial was a “significant success.”

Zafar and Burger highlighted the fact that, because demand for NFC phones outstripped supply, customers had to put down their names on a waiting list to participate in the project. Also, customers displayed positive interest in NFC technology, making active use of their NFC phones for purchases.

Based on a comparison of transaction activity by participants and non-participants both before and during the trial, EDC says “participants registered very high growth rates in overall credit card transaction activity compared to non-participants”.

Since 2008, ViVOtech readers have been used to top up Libercard contactless transit cards in the Brazilian city of Fortaleza, and to enable these prepaid cards to be used for retail purchases.

“Libercard has issued 600,000 contactless cards which can be used both for transit and retail payments, and 1,500 ViVOtech-supplied terminals in Fortaleza are able to accept and re-charge Libercard cards,” Khan says.

“Libercard plans to convert its entire customer base of 1.5 million contactless [single-purpose] transit cards to dual-purpose cards by the end of 2011.”

Libercard’s dual-purpose retail and transit contactless card scheme has been in commercial mode since mid-2009.

“The cards are very widely used in Fortaleza,” Khan says.