



The MEI Solution



Fall 2003



From the President :

Dear Grocer:

This is an important and busy issue of MEISolutions' quarterly newsletter. There are two compliance matters for grocers that are approaching soon, DUKPT in January 2004, and EAN-14 in January 2005. We will update you on the compliance issues, and suggest low cost but effective solutions for those grocers with NCR 2127 registers.

This issue will also reintroduce two of our other products that have recently attracted attention of several grocers. EPS is our electronic payment system software that consolidates credit/debit card transactions of multiple stores to qualify for processors' threshold requirements for lower fees. The rewards are immediate and automatic. EPS is also DUKPT compliant. Our corporate host software, SuperHOST, is a reliable and low cost means to centralize pricing and cost management for grocers with multiple locations. SuperHOST reduces errors, personnel cost, and improves management of profit margins.

Call our sales staff about our solutions to these major issues. I am sure you will be pleased.

I am also gratified to report that our client surveys of our products, and our Support Department, have been overwhelmingly positive. 98% of our total (not just a sample) customer base has a "very high" opinion of our product line and support. Reliability and responsiveness are the two qualities most often cited. If you are not a MEISolutions' customer, are you missing out on something? Call us and find out for yourself.

Sincerely,
John E. Molloy, President



Product Spotlight



SUPERHOST
CORPORATE HOSTING SOFTWARE

MEISolutions corporate hosting software, SuperHOST, has been a tried and true hosting solution for grocers with multiple locations for several years. A very high percentage of chain grocers have hosting programs and could not live without them. If you are a grocer with multiple locations and do not have a hosting system these are the benefits of installing a hosting system you should consider.

- 1) Reducing pricing errors is the most important advantage, especially when creating batches for temporary price changes, or tracking manufacturer discounts.
- 2) The "drilling down" feature allows you to "drill down" from corporate level to the actual product in a store location to find margin problems.
- 3) Pricing flexibility for store locations with individual cost considerations such as transportation.
- 4) Entering price and cost changes is complicated so SuperHOST reduces training cost.
- 5) Profitability reports are generated centrally at the experienced and dedicated decision maker level so errors are discovered and addressed early.
- 6) For those grocers who rely on wholesaler hosting, an independent hosting system allows pricing to be controlled at the grocer level so price changes can be made immediately and confidentially in response to competition, and possibly more economically too.

If you want to know more about SuperHOST, call us. We can arrange a remote demonstration for you that requires no more than your e-mail address. We are sure that you then know why grocers with hosting systems can't live without hosting.



MEISolutions' EPS product a money saver



Grocers have been accepting credit and debit cards for years. What grocers have not been doing is controlling the transaction cost of their electronic fund transfers. Grocers accepted the software systems that were installed for them, and paid the fees quoted by the processors. There was some difference in fees between processors but not much. MEISolutions EPS software gives grocers more control of their transaction fees than ever before. How? By consolidating the transactions generated by all registers, system wide, into one connecting point with your card processor. What are the benefits of consolidating credit card transactions?

1. **Minimum threshold levels are met to qualify for lower processor transaction fees.**
2. **Switching processors offering lower fees is a snap.**
3. **Consolidated and flexible reporting to a central location.**
4. **Easier auditing, reconciling, and tracing transactions to correct errors.**
5. **Centralized positive/negative check authority and tracking.**
6. **EPS uses existing hardware and communication systems.**
7. **Communication costs are reduced because transactions are consolidated.**

8. **Automatic approval backup system when processor networks are down.**
9. **Requires no input by the checker so no checker training is required.**
10. **Immediate savings are realized.**
11. **And, of course, EPS is DUKPT and EAN compliant.**

If transactions fees are a concern for you and you are frustrated that you have no control of them, a call to our sales staff would be enlightening for you.
1(800) 447-8849.



Why Should Grocers Care About PIN-based Transactions?

Accepting PIN-based EFT transactions has been a real boon for grocers by boosting revenue with larger average sales and increased impulse purchases while lowering the chances of theft and fraud. Since grocers conduct business face-to-face, PIN-based EFT transactions qualify for a flat rate of \$0.59, no matter what the sale amount. By comparison, using a credit card for a \$100.00 purchase, the MasterCard or Visa interchange rate would cost the grocer approximately \$1.79, and a sale using American Express would cost the grocer approximately \$3.25. Consumers are enthusiastically embracing the use of PIN-based transactions since they are secure and faster than writing a check or using a credit card. They are also free of the finance charges associated with credit cards. Between 1995 and 1999, PIN-based debit transactions increased from 775 million to 2.9 billion, a compound annual growth rate of 55%. By 2003, PIN-based debit transactions are projected to reach 13 billion a year.



But is my 2127 really Dead?

The NCR 2127 register system has been around since the mid-1980s, long before the use of debit cards and PIN-based transactions. Many people incorrectly think that it cannot possibly be modified to handle DUKPT and EAN-14. This has now been proven untrue!

We at MEISolutions are proud to announce a software that will extend the life of your workhorse 2127 a few more years .

MEISolutions has become a dealer for Vesper Software's D-PIN+ user exit .

This software will allow grocers with NCR 2127 register systems to utilize DUKPT key encryption technology for their PIN-based EFT and EBT transactions and to accept products utilizing the new EAN-14 product identifiers.



For more information on any of the software listed on this page contact sales at MEISolutions (800)447-8849

DUKPT?

What is DUKPT?

DUKPT (Derived Unique Key Per Transaction) is the preferred technique for providing exceptionally high levels of security for PINbased transactions.

The DUKPT issue is not a federal mandate, so there is no government involvement in this implementation. The date that has been **mandated by many debit networks is January 1, 2004**. This date has not been carved in stone and has already gone through several changes.

Why do we need to go to DUKPT?

Instead of utilizing a single "master" key stored in the PIN pad's memory, DUKPT uses a key that is changed with every transaction. Because of this, even if an individual were somehow able to read the working key in the DUKPT PIN pad, only the current transaction could be compromised. All earlier and later transactions would still be secure.

Now that we have defined what it is, that also explains why it is an important implementation. As the use of debit cards becomes more popular, the retail industry needs to make electronic transactions more secure. That is why many debit networks (e.g., Interlink, Pulse, NYCE and STAR) have mandated that merchants become compliant with DUKPT by January 1, 2004. Failure to do so may result in costly fines and the inability to accept debit payments (these will be generated and set by whomever you are using as your debit network provider).

"Sunrise 2005 and the changes it requires from the entire supermarket industry are among some of the most important issues we've all faced in recent years"

Al Gorton, Director Channel Management, Uniform Code Council

Sunrise 2005

What is this Alphabet Soup – GTIN, U.P.C., EAN-13, EAN-14, RSS-14?

GTIN is the acronym for Global Trade Item Number. This is the term that the EAN and UCC have adopted as the umbrella term for the entire family of EAN and UCC identification codes, which can identify products, cases and pallets. GTIN codes are 8, 12, 13 or 14 digits in length and include U.P.C., EAN-13 and EAN-14.

U.P.C. is the acronym for Universal Product Code. This is the term for the 12-digit number assigned to the vast majority of products produced in the United States and Canada. U.P.C. is one of the identification codes that make up the GTIN. U.P.C. numbers are NOT going away with the implementation of EAN-13 and EAN-14. Companies already marking their products with U.P.C. numbers will not have to assign those products new numbers.

EAN-13 is the acronym of European Article Number-13 and is the term for the 13-digit number assigned to retail products around the world, with the exception of the United States and Canada.

EAN-14 is the term commonly used to refer to a 14-digit GTIN. This is the numbering scheme that is being implemented worldwide by the EAN and UCC.

RSS is the acronym for Reduced Space Symbol. RSS-14 refers to a small footprint bar code for products that are too small for a traditional U.P.C. bar code symbol (e.g., produce) or where there is a need for additional data on the label (e.g., expiration date on meat). RSS-14 directly encodes an EAN-14 number. Although development of RSS technology is underway and testing is being performed, it will be a number of years before these symbols appear at the grocery checkout.

What are these levels of compliancy?

There are three levels of compliancy within the Sunrise 2005 initiative. For the complete list of requirements to meet each level please look to the UCC website at:

http://www.uc-council.org/ean_ucc_system/stnds_and_tech/2005_sunrise.html

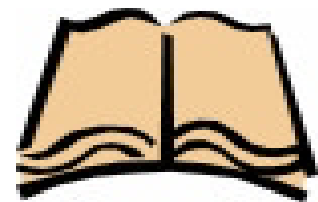


Recommended Reading

There are some great articles on this subject and one of the best was in the FMI Advantage magazine August issue VantagePoint section page 13.

Written by Al Gorton, this article lays out in plain words some of the erroneous information that has surfaced on this subject.

This article may be found on their website for members: WWW.FMI.com or if you would like a copy please contact us.



Presorted Standard
U.S. Postage
PAID
Spokane WA
Permit #1221



MEISOLUTIONS

1235 North Post Street, Suite 200
Spokane WA 99201
(509) 232-3177



**25% off any module or new software
if purchased by December 31st**

**For Discount Purchase use code
NEWF2003**

**EPS, SuperHOST and D-PIN+ excluded
One Coupon per customer**

Not to be used in combination with any other offer

To redeem coupon contact sales at (800) 447-8849