



Helping Businesses Grow

**An Interview with Barry C. McCarthy,
Executive Vice President, Network and Security Solutions, First Data Corporation**

EDITORS' NOTE *Previously, Barry McCarthy was responsible for the turnaround of the firm's Financial Services segment. In previous roles, he was a leader in the company's historic collaboration with Apple™ on Apple Pay™. Prior to joining First Data, he led the turnaround of the VeriSign payments business. He co-founded and later sold MagnaCash. McCarthy first entered the payments technology industry at Wells Fargo. He started his career at Procter & Gamble. McCarthy earned his M.B.A. from the Kellogg School of Management at Northwestern University, and was an undergrad at the University of Illinois, Urbana-Champaign.*



Barry C. McCarthy

COMPANY BRIEF *First Data (firstdata.com) is a global leader in commerce-enabling technology and solutions, serving approximately six million business locations and 4,000 financial institutions in 118 countries around the world. The company's 23,000 owner-associates are dedicated to helping companies, from start-ups to the world's largest corporations, conduct commerce every day by securing and processing more than 2,300 transactions per second and \$1.9 trillion per year.*

What makes First Data so special and where is the company today?

We are the largest payment processor and commerce enabler in the world. We process about \$2 trillion per year of consumer payments, which is a consumer using a credit card, a debit card, or a check to make a purchase. We also process more than another \$2 trillion for the U.S. Treasury and many governmental agencies – roughly \$4 trillion a year that passes through a First Data data center as payment activity.

Around the globe, we support about six million merchant locations. In the U.S. alone, we support about four of the country's eight million merchants, and we also support banks that issue credit and debit cards. Additionally, we support about 750 million credit and debit cards.

In the prepaid gift card business, we support somewhere around one billion active cards.

First Data has enormous scale, but what makes us unique is the fact that we can help a business of any type improve or grow their business. We can put together a variety of solutions that help businesses grow.

Only First Data offers end-to-end solutions across all payment types and geographies that enable a business to grow their business.

At your size and scale, how do you maintain an entrepreneurial culture?

First Data has become a true innovator. We believe we have the capability to innovate within our business, or we may choose to partner with third parties. We have also acquired third parties that have created innovative solutions.

Let me give you a few examples. In our merchant business, we built our own proprietary terminal many years ago – a solution that was branded First Data. The company sold more than one million devices that generated more than \$1 billion in revenue for the company.

A few years ago, we identified that the marketplace would move from relatively basic terminals to more of a tablet approach at the point of sale. We acquired a young company called Clover and have subsequently scaled that business and transformed it from having just one product to three different products that are tablet-based for the point-of-sale market.

Clover has an app store, just like Apple has, for mobile. Merchants can buy additional applications that help them run their businesses. There are already more than 200 certified Clover applications and several hundred more in the works.

We accomplished this by going to the marketplace with an open architecture that would enable the app community to engage with us to deliver solutions to the merchant community who are using the Clover solution.

The Clover platform today comes in three varieties: the Clover Station is a full-service point-of-sale solution with a cash drawer, a receipt printer, a large monitor, a bar code scanner, etc., that allows a business to manage an entire business from that station. That station can also access the app store to download apps.

The second solution is Clover Mobile, an entirely cordless solution that is connected via WiFi and has battery power. It allows the point of sale to move wherever the business would like it to be.

The third version is Clover Mini, which is a replacement for those relatively simple devices in the marketplace today.

First Data is also a leader in the prepaid business – we have almost one billion cards active in our system for places like Starbucks and McDonald's. We figured out that consumers wanted not only a plastic card but to have the digital alternative of that card. In addition, they wanted the ability to buy and give gift cards online from a mobile device or PC. They also told us they were interested in being able to buy those gift cards directly from a merchant.

First Data now has an application, Gyft, which is a virtual mall where gift cards are available for purchase. We improved that solution by adding the ability to send a video with the Gyft card. Using Gyft, consumers can buy from the gift app or they can purchase from a couple hundred brands from the gift card mall.

Even though we're big, we do a terrific job at understanding what market needs are and then either buying or building components, or making existing ones better. This is how First Data drives innovation in the marketplace.

What about security issues that arise around this type of technology?

The breaches we have been reading about are happening because the bad guys can get into the systems of a retailer and then put malware on the point-of-sale device to obtain card numbers.

Five years ago, First Data delivered a solution called TransArmor to the marketplace that would entirely prevent this type of breach. As soon as the card is swiped at the point of sale, a token is created, which is an algorithmic hash of that 16-digit card number. The bad guys are only stealing this algorithm or token, which has no other use outside of that transaction.

We also created DefenseEdge, which protects a variety of data sources that only First Data has access to. Because of the transaction volume we see going through our shop, we can help a bank determine which transactions at the point of sale are likely to be fraudulent or worth a second review.

What are the benefits and value that First Data enjoys by being located within Georgia?

Atlanta is a very pro-business environment. From a global perspective, one can fly virtually anywhere around the world from the Atlanta airport. We also have an unbelievable higher education system.

Additionally, Georgia is home to the largest technology association in the world, which has 30,000 members, and represents virtually every corporation in the state. ●