

VERSION CONTROL

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Kount

Boost Sales and Beat Fraud

There has been a lot of recent buzz around online fraud and payments risks, thus we decided to find out how modern technologies can exactly help merchants and financial institutions prevent fraud and the risk of security.

Financial IT/RFPConnect interviews Don Bush, VP of Marketing at Kount, to know how Kount's solutions enable clients to address the issue.



Don joined Kount as the Director of Marketing in October 2010 and became Vice President of Marketing in December 2012. Don attended Brigham Young University studying Business Administration and Marketing.

Prior to joining Kount, Don was the Director of Marketing at CradlePoint, a leading manufacturer of wireless routing solutions in the mobile broadband industry. Don has worked in several management roles within the technology segment for over 20 years with both hardware/software manufacturers and as a partner in two top technology marketing agencies. He has led products launches and marketing programs for dozens of companies around the world such as Citi, HP, IBM, Kodak, Motorola and Weyerhaeuser and co-authored the seminar series, "Common Launch Disasters and How to Avoid Them."



Don Bush
Vice President of Marketing at Kount



Don, please introduce us to your company.

Our company was developed by online merchants, for online merchants, help them to reduce risk associated with fraud allowing ecommerce businesses to help sell more, to more people, in more places than ever before.

Kount delivers an all-in-one, SaaS model, fraud and risk management platform for companies operating in Card Not Present (CNP) environments looking to enhance and simplify fraud detection to dramatically improve bottom line profitability.

For each transaction, Kount's "decisioning" engine goes beyond standard industry blacklists and simple fraud rules by analysing hundreds of relevant variables and activity across the globe in real-time. Kount applies a multitude of proven and proprietary technologies based on the specific needs of each customer.

These include Multi-layered Device Fingerprinting®, Proxy Piercer® geolocation tools, statistical scoring, rules-based fraud detection, cross-customer linking and Persona™ behavioural modelling. The result is a highly predictive fraud assessment delivered in an average of just 350 milliseconds.

We have a solid base of clients across 20 countries and reviews transactions from more than 180 countries daily.



Does Your Business Have Strategic Partners?

Our company has two types of channel partners, integrated (those companies that have integrated Kount's solution into their own) and referral (those strategic channel development partners that refer their customers for direct integration onto the Kount platform) Kount adds new partners regularly. Currently Kount is working with the following:

Integrated Partners: Chase Paymentech, LexisNexis, PlanetPayment, 192.com, Magento, Demandware, Zoovy, 3D Cart, Shopify, Targus info, Telesign.

Referral Partners: WorldPay, FirstData, Transfirst, eMerchant, Zeon.

If you were to showcase only one product in our Version Control, what would it be?

It is our flagship product - Kount Complete™. The product is designed for merchants of any size. It detects and prevents fraud for online retailers, financial institutions, online communities and other businesses with fraud issues that negatively affect corporate image, financial performance and customer satisfaction.

Kount's proprietary platform analyses hundreds of relevant variables and activity across the globe in real-time, delivering a highly predictive risk assessment in less than a second. Companies using the Kount platform have greater insight into fraudulent activities, allowing them to control risk associated with fraud whilst maximising sales and dramatically reducing the need for manual reviews.

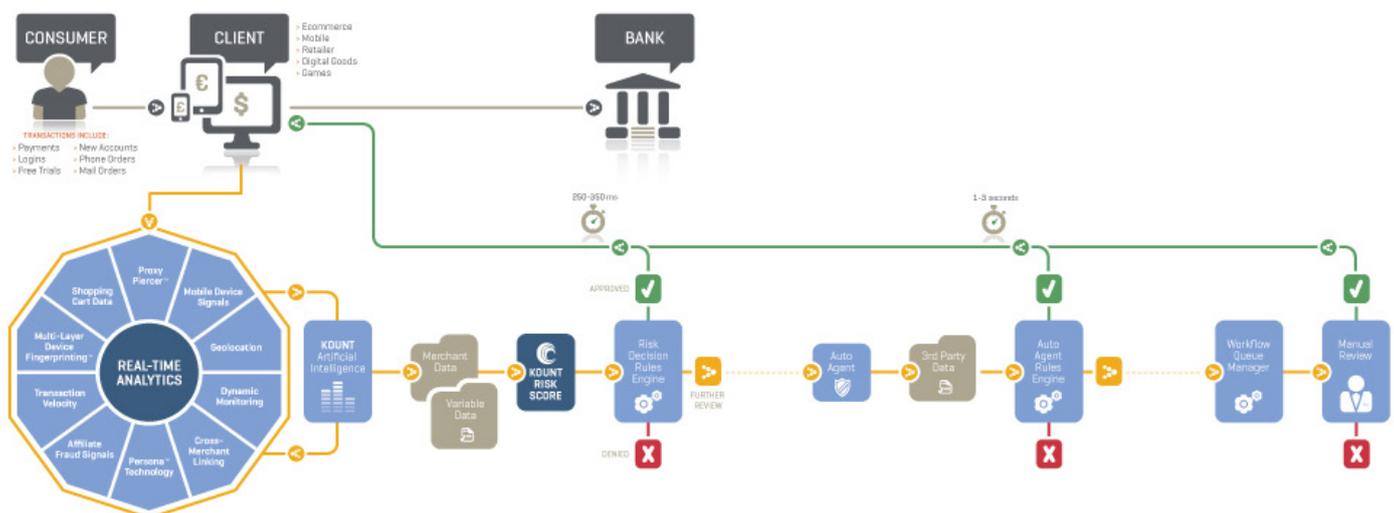
The product has moved beyond scoring or rules-based detection to a comprehensive platform that combines fraud detection technologies to form multiple layers of fraud prevention, serving as the foundation for a risk management strategy. The capabilities of Kount Complete enable companies to align their fraud strategy with their business strategy. Operational modules work seamlessly and efficiently to effectively monitor fraud and risk operation.

The platform combines speed and accuracy in a package that is easily integrated into the most complex enterprises. The end result is a significant Return On Investment for our clients.

Because of its history as an Internet retailer and affiliate network, Kount's vision has been to develop an industry-leading fraud platform that is easy to use, drives down the cost of managing fraud and fraud-related issues. This allows companies to take full advantage of the opportunities the Internet provides including a global presence, incremental sales revenue and expanding into additional product offerings.

Kount Complete is versatile enough to be as effective for Fortune 500 customers such as Staples, Crate & Barrel, and Reebok as it is for smaller companies like Nixon Watches, Crocs, Burton and CDBaby, providing enterprise-level protection in an easy-to-use, extremely powerful platform. This vision has led to several developments that make Kount one of the most dynamic fraud management solutions available today.

Kount's Fraud Prevention Platform



What are the key benefits of the product to its customers?

Kount makes it easy for merchants to detect and prevent payment fraud, new account fraud and account takeover attempts by using state-of-the-art techniques and proprietary technology. Kount Complete™ uses patented technologies like Multi-layer Device Fingerprinting, Proxy Piercer™ geolocation, velocity checks, cross-merchant order linking, Persona™ behavioural modelling, statistical scoring and a powerful rules engine that can help detect fraud the instant it appears. The powerful Kount platform reviews each account creation event and returns a risk assessment in an average of just 350 milliseconds.

As a complete fraud platform without the drawbacks inherent when combining multiple tools and technologies from various vendors, Kount Complete offers the following benefits to our customer:

- **Faster implementation** – it usually takes just a couple of weeks based on the merchant's schedule for Kount Complete to be installed and fully functional. Other fraud platforms can take between 90 and 180 days just to be installed.
- **More accurate results** – because Kount developed and owns its core technology all features are seamlessly integrated, ensuring the platform is optimally effective.
- **The Kount Risk Score** - is more accurate and consistent because it weighs all variables against a single standard. This is unlike other products that have several scoring methodologies from disparate vendors, which try to aggregate a score. Merchants also have the ability to modify the score to meet their own specific needs.
- **Faster Response Times** – Kount responds in real-time, under 350 milliseconds, (in 2012, Kount averaged less than 300ms response time) so customers are not waiting for a response when they click the "Submit" button. This is in contrast to other service providers who must wait for multiple vendor responses before they can provide a risk assessment.
- **Lower TCO** – Kount has the lowest Total Cost of Ownership in the industry. Again, because it's Kount's own technology there's no mark-up for merchants. The cost of the Kount system (implementation, service fees and management) often has a positive ROI in the first few months.
- **Workflow Management** – Kount includes a workflow management engine that helps direct transactions that need a live agent review to the most appropriate agent, keeping orders flowing through the system quickly and efficiently.

- **Complete Control** – Merchants are in full control of their risk exposure with Kount. They can change rules, modify order status, adjust risk tolerance and design custom management reports, all from one console.
- **AutoAgent** – reduces the number of manual reviews that need to be performed by automating many processes that live agents run to gain enough information to approve transactions.
- **No Fraud Expert Needed** – Because Kount is an all-in-one solution, merchants do not need to be fraud experts to be able to manage fraud.
- **Simplicity Built In** – Kount is an enterprise-level fraud platform that is designed to be simple. Kount has customers in the top Internet 500 and "newbies" that can run the system with highly effective results.
- **All-in-one** – this doesn't mean one size fits all. Kount is made to be powerful and is totally customisable by merchants large and small.

How long does a typical implementation of this product require?

Companies can implement Kount in as little as 24 hours and see results immediately. However, based on scheduling and other factors, a typical integration takes about two weeks. This means companies of all sizes can now deploy enterprise-level fraud protection.

Who are the main customers of the product?

Size of customers vary greatly from top 500 Internet Retailers such as Staples, Crate & Barrel, Allstate and Carfax to smaller and mid-tier customers like, CDBaby, Bodybuilding.com, Polk Audio and Jagex. Literally any online company that makes a transaction, whether that is a payment transaction, opening a new account or filling out applications online, Kount can reduce the level of risk and exposure for them.

Below is a partial list of customer verticals that have successfully deployed Kount

- Physical and Digital goods retailers
- Online Games
- Money Movement
- Prepaid (direct and social)
- eCommerce Platforms
- Dating
- Non-profits
- Telecom
- Insurance
- Marketing & Advertising
- Travel

How would you describe the competitive position of this product?

There are no other companies which have exactly the same focus or same level of expertise as Kount, however other players in the same space include:

- Accertify (an American Express Company)
- Datacash (a Mastercard company)
- CyberSource (a Visa company)
- ReD Worldwide (privately held company)

What are the competitive advantages of your product over rival products?

Kount owns all of its core technologies and has unified them into a single platform; eliminating the need for multiple vendors with time-consuming and costly integrations for each customer. This key differentiator allows Kount to implement faster (in as little as 24 hours), respond more quickly (2012 average response time was less than 300ms), have fewer rules to manage (the average number of rules deployed for a Kount customer in 2012 was just 20) provide more accurate data and easily automate most of the fraud detection and management process. It means customers pay less, have fewer outages (2012 uptime/availability was 99.9998%) and can get more business intelligence data from their system to help drive revenue, increase conversion rates and reduce risk in areas like affiliate programs.

Companies using Kount to set up and maintain a fraud and risk management solution are at a major advantage. Many competitors and “build-your-own” solutions require the integration of several tools in an attempt to match the performance of the Kount Complete platform. This “workbench” approach leads to longer, more costly integrations and the need for more rules to be developed and managed. The complexities of managing multiple vendors and maintaining this type of solution also increases the overall costs, not to mention the additional mark-ups that might be incurred from each vendor.

Despite intense integration projects, tools which were not developed to natively operate with fraud detection utilities from other vendors, often lead to reduced performance with a ‘weakest link’ problem. Put simply, the more vendors involved in a solution, the more points of disruption exist. If one vendor fails to report accurately or quickly enough, the entire fraud management process is left in jeopardy. It is common for “workbenches” to experience downtime as a result.

It is this integration that gives Kount an edge when it comes to offering a complete, all-in-one, real-time

solution that is easy to implement, easy to use and maintains the best TCO in the industry. This integration at the code level helps:

- Increase accuracy of results (most accurate score in the industry)
- Decrease response time (average just 300ms)
- Reduce cost of integration and maintenance
- Reduce the need for human intervention like manual reviews (Kount customers average less than 8% manual reviews, 60% less than industry average)
- Increase efficiencies of fraud operations
- Merchants to sell more, to more people in more places with confidence

How often do you upgrade your solution? And how upgrades are delivered to existing users?

Kount is constantly upgrading, enhancing and improving the Kount Complete product. While there is no set schedule for updates, Kount has developed an upgraded version at least quarterly for the past 5 years.

Since Kount is delivered via a SaaS model, all customers are automatically upgraded to the latest release once it is available.

Has Kount launched, or is it planning to launch, a completely revised version of this product?

Kount technology is regularly updated to maintain its market leading position, so it never needs to be completely revised.

Please describe how users/customers pay for the product (i.e. the fee structure)?

Kount offers flexible and transparent pricing based on each retailer’s preference, business model and transaction volume. Typically Kount’s services can be purchased in three ways; on a per transaction basis, a pre-paid block of transactions, or a per month/annual fixed fee. Ahead of any pricing quote Kount conducts a return on investment call to show the financial advantages of implementing the service.

What are the most important industry-wide trends affecting the market for this product?

The increase of ecommerce worldwide has led to an increase in online card fraud and cybercrime is becoming ever more sophisticated. In the UK alone the value of online sales was £78 billion in 2012 and this is forecast to rise by 11.5% in 2013 according to the IMRG. This has made the implementation of industry leading fraud prevention more important than ever.

In many ways the ecommerce industry is moving faster in Europe than in the USA. The majority of merchants accept payments in the CNP environment and most are used to receiving fraud prevention from their payment service provider, be it from Mastercard owned Datacash or Visa owned CyberSource, or from their acquiring bank/payments processor such as WorldPay or SagePay - but fraud prevention can do so much more than just prevent fraud. With intelligent fraud prevention technology merchants can enhance the customer experience, increase sales and ultimately improve the bottom line for all online retailers.

Do you have any special marketing strategy for this product?

Last year Kount increased its customer base by 300% outside the USA and is aiming to build on this in response to market demand. Key to its marketing strategy is the personal touch, working with the merchant in mind but partnering at all levels of industry. This year alone Kount will be attending 40 trade shows, conferences and other events globally, 22 of which are in Europe including events in London, Berlin, Barcelona, Paris and Cologne, as it looks to improve fraud prevention on a global scale. This involves not only exhibiting but also speaking at shows and publishing webinars – putting a face to the name. Another

invaluable facet for Kount is promoting customer case studies from a variety of industry sectors. Kount is also keen to give back to the industry by providing market data. Kount recently published a Mobile Fraud Survey in conjunction with the CNP.com and the Fraud Practice LLC, it is also proud sponsor of the Retail Fraud Survey in the UK and USA.

Concluding the interview, is there anything else you want to add?

Of course, reducing fraud cannot come at the reduction of sales. A proper fraud management system should work hand in hand with the business to reduce risk and enhance sales opportunities.

The online world of e-commerce offers many benefits to help grow businesses and increase revenue, but until retailers understand the risks associated with fraudulent behaviour businesses stand on shaky ground – no matter the geography or sector.

Analysts who track online trends reported that e-commerce grew by a healthy 16% in 2011, an impressive increase. But that increase was outpaced by fraud. Gartner, Inc. reported a 25% increase in the web fraud detection sector during the same timeframe. Clearly staying ahead of the increasing threat of online fraud is not an easy task for any company, which is why they should turn to experts like Kount who can help.



BOOST SALES BEAT FRAUD™

ACCEPT MORE ORDERS, FROM MORE PEOPLE, IN MORE PLACES.

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