



WHAT THE MOBILE WALLET MEANS FOR THE FUTURE OF AUSTIN

AUGUST 8, 2012

TOPICS

The Technology

The Marketplace

The Mobile Payments Landscape

Convening the Industry

What is Isis™?

TECHNOLOGY REVIEW

INTRODUCTION TO NFC



What is Near Field Communication?

- Short range wireless (<4 cm); Low speed (<424 kbits/sec)
- User friendly & simple (no discovery, no pairing, just “tap”)
- Passive capability (one of the devices can be unpowered)

NFC has 3 modes:

1. **Card Emulation** allows a mobile phone to simulate a physical contactless card



2. **Reader/Writer** allows reading or writing information to or from a passive tag/poster

3. **Peer-to-Peer** allows bidirectional communication between devices

ANATOMY OF AN NFC SMARTPHONE

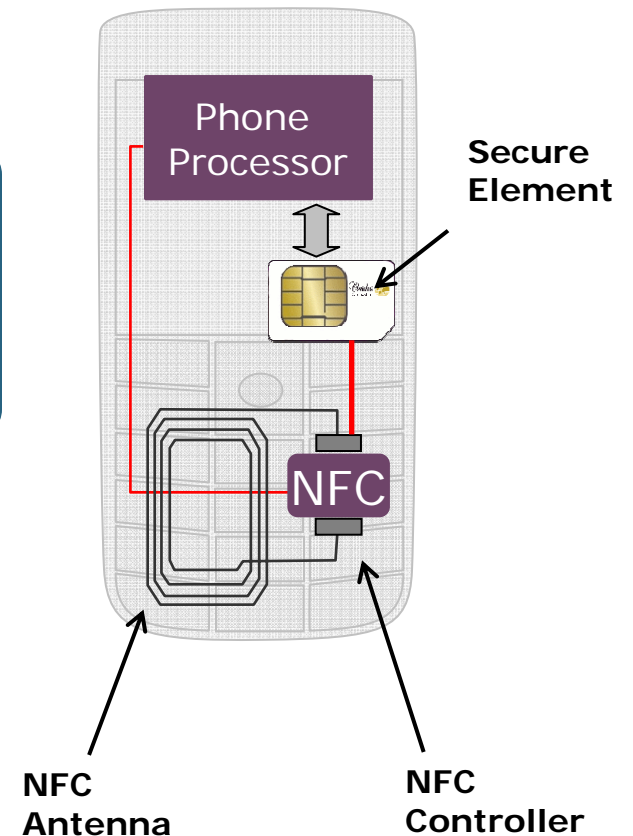
NFC phones contain special hardware

Secure Element: Stores sensitive data (like payment card information)

NFC Controller: Manages traffic and RF signals

NFC Antenna: Collects & transmits the RF

Isis is driving NFC hardware at multiple cell phone manufacturers



ENABLING NFC IN SMARTPHONES

OEM Partners: Sony Ericsson, Motorola Mobility, HTC, LG, RIM, & Samsung Mobile are introducing NFC-enabled mobile devices that implement Isis' technology standards

NFC-enabled phones already on the market include:

- Blackberry Bold 9900 & Curve 9360
- Samsung Galaxy S2
- HTC Amaze

Mobile carriers will have 5-6 Android and several RIM handsets offered at pilot start.

For non NFC-enabled smartphones, Isis is working with DeviceFidelity to add NFC functionality to existing mobile devices, such as iPhone4.



THE MARKETPLACE

THE MARKETPLACE

We're here today because of three trends:

1

The explosive growth in smartphones

2

Today's consumer is increasingly value-conscious, but feels overwhelmed

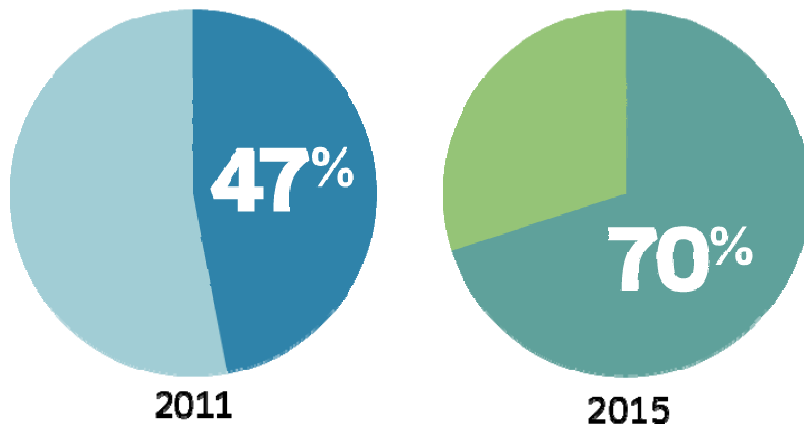
3

An existing technology - NFC – has reached a tipping point

THE MARKETPLACE

The smartphone market is exploding and people expect their phones to do everything.

SMARTPHONE PENETRATION



- 25% of US mobile web users are mobile only
- Mobile banking will reach 50 million U.S. adults by 2015
- The U.S. mobile payment market is expected to reach \$200B in 2015
- North America will have almost 33M mobile payments users in 2012, increasing to over 90M in 2016

Sources: Nielsen, OnDevice Research, Forrester, Renub Research, Gartner

THE MARKETPLACE

Today's consumer is **value-conscious**, but **overwhelmed**.



The new status is “**how much you saved,**” but there are **too many programs** to keep track of

It's no longer cool to **pay full price**, but coupons & cards are **easily forgotten**

Less embarrassed about **seeking out discounts**, but finding it hard to **identify** relevant offers

THE LANDSCAPE

MOBILE PAYMENTS LANDSCAPE

Mobile payments come in a variety of different formats, including:

Mobile as POS

Mobile Web Payments

Closed Loop Mobile

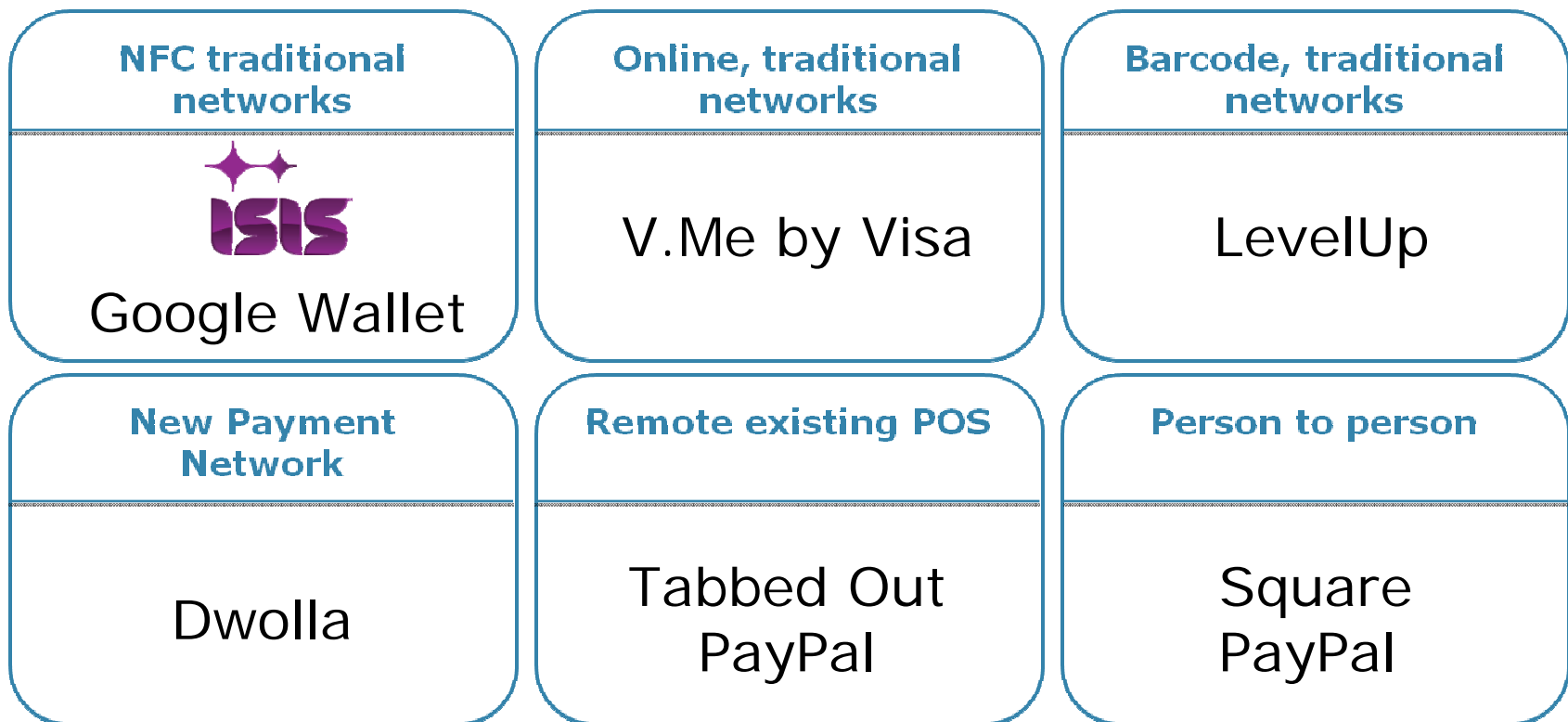
In App/Carrier Billing

Mobile Money Transfer

Mobile Wallet

A form of mobile payment that allows a consumer to use their phone to pay for things at the point of sale

MOBILE WALLETS LANDSCAPE



More than **1 in 4 mobile phone users** in the U.S. and Western Europe will use their NFC-enabled mobile phones to pay for goods in stores by 2017 accounting for **\$180B in transactions**

TODAY'S MOBILE WALLET MODELS



In the Phone

Card present transaction
Leverages card infrastructure
Examples: Isis, Google Wallet

Requires NFC and Secure Element
in the phone

Works within current POS
infrastructure

Capabilities beyond payments



In the Cloud

Card not present transaction
Leverages e-commerce infrastructure
Example: PayPal

Done with an internet connection

Harder fit into POS; both consumer
and merchant must subscribe

Currently limited to just payments

OUR 3 GUIDING PRINCIPLES

CHOICE

Consumers:

Continue existing relationships – cards they have, carriers they subscribe to, phones they use

Merchants:

Choose the programs that **you** want to extend into to the Isis Mobile Wallet

PRIVACY

Isis is a platform:

Partner data remains in the hands of partners.

Isis does not get between merchants and consumers or issuers and consumers. Rather, Isis helps extend and enrich these relationships

SAFETY

Safer than existing wallets:

- PIN for Wallet access
- Masked account numbers
- Dynamic CVV
- One call or click to freeze Wallet if lost

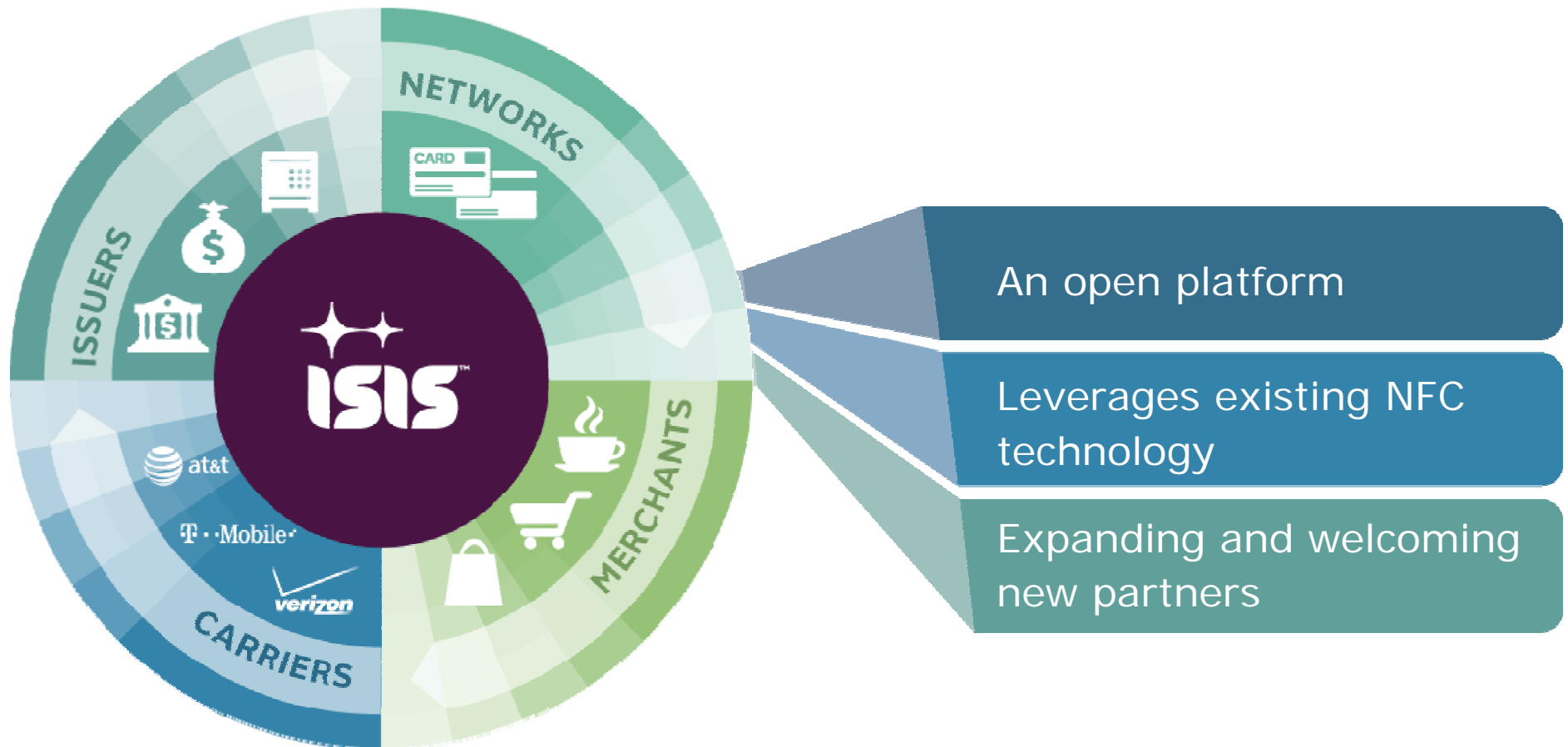
All payment data stored in the Secure Element

BENEFITS TO THE AUSTIN COMMUNITY

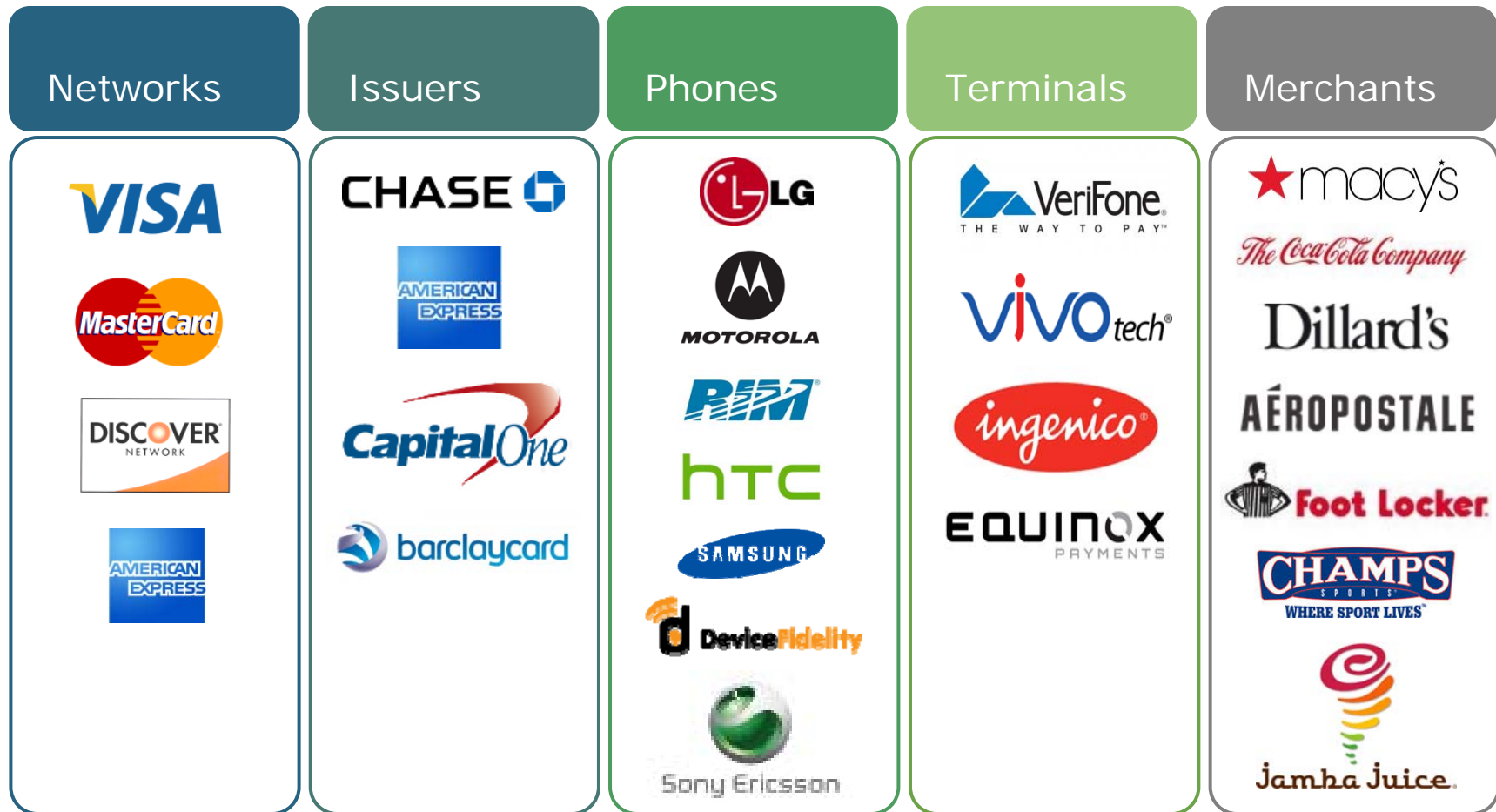
Convenience of an integrated mobile wallet	Easier savings when purchasing	Maximum flexibility and freedom	Safer than existing wallets
<ul style="list-style-type: none">• Merchants stay engaged with their customers• Payments, offers, and loyalty all in one place	<ul style="list-style-type: none">• Direct targeted offers to wallet• Easy offer clipping from websites, social media and traditional advertising• Redemption in retail location	<ul style="list-style-type: none">• All 4 national payment networks• Tracking of multiple accounts to monitor spending	<ul style="list-style-type: none">• PIN for Wallet access• Masked account numbers and expiration dates• One call to freeze Wallet if lost

CONVENING THE INDUSTRY

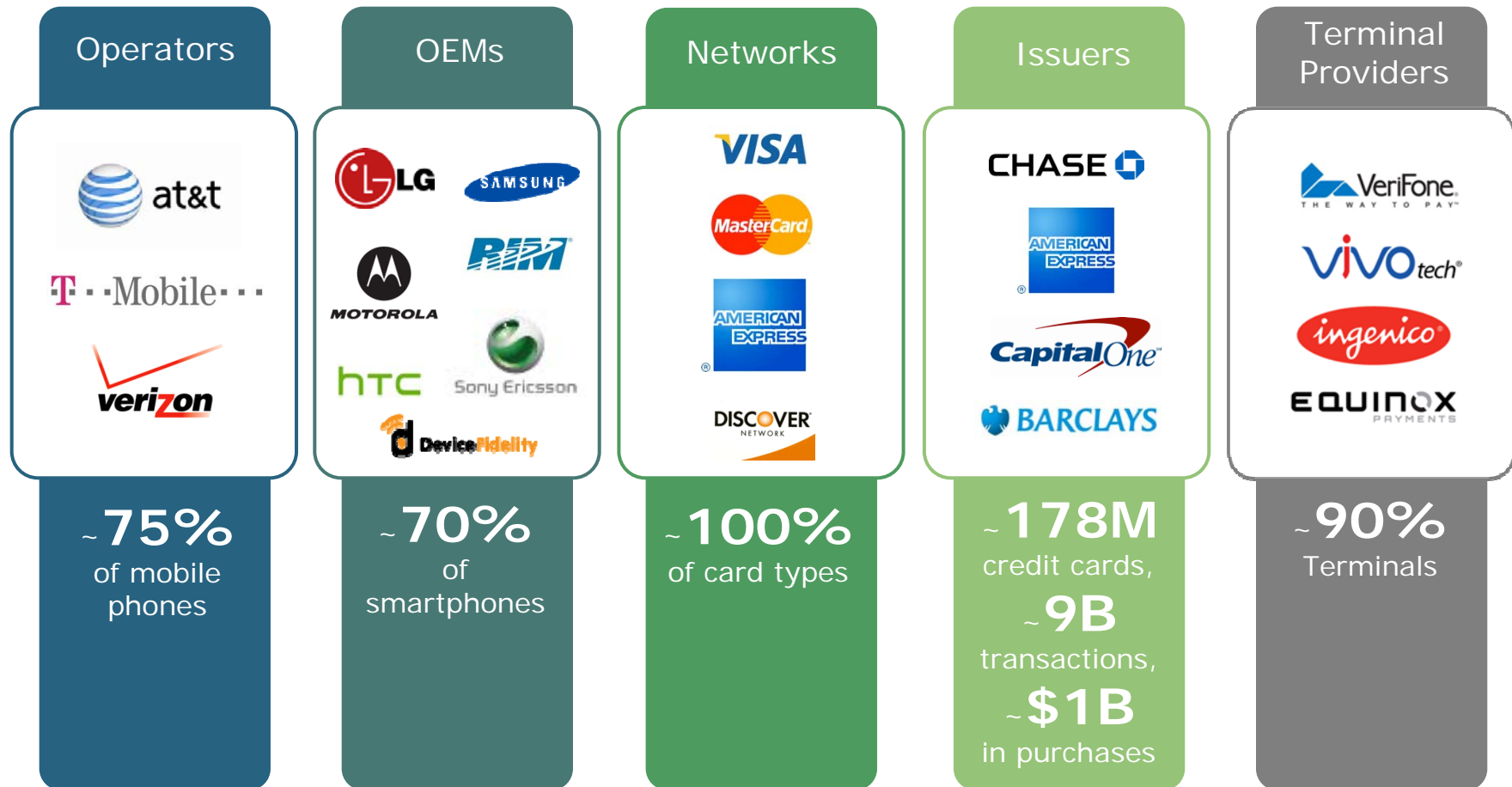
ISIS HAS CONVENED THE INDUSTRY



ISIS PARTNERS SPAN THE ECOSYSTEM



ISIS IS BUILDING AN ECOSYSTEM



AUSTIN TECHNOLOGY PARTNERS

Trusted Service
Manager (TSM)



**Gemalto is providing
security and
encryption for the
wallet**

Fuel Pump Technology



**Wayne is one of two
national companies
providing contactless
payment terminals in
fuel pumps**

AUSTIN MERCHANT PARTNERS

QSR/Restaurant	Specialty	Services	Other
34 th Street Café Blue Star Cafeteria Chez Remy DoubleDave's Downtown Burgers Iron Works Jim's Restaurants Pok-e-Jo's Texenza Coffee Wholly Cow Burgers	Austin Diamond District Benold's Jewelers Book People Ben White Florist Dogadillo Touch of Sass Twin Liquors University Co-Op	ABC Home & Commercial Services Elbe Body milk + honey spa Minute Man Press Round Rock The RK Group Howdy Honda East Side Lumber All Saint's Tattoo	Brodie Park Market Round Rock Express (stadium) Memorial Stadium Sterling Events at The Long Center Zen Food Mart

HINDSIGHT IS 20/20.
FORESIGHT IS AN ISIS READYSM MERCHANT.



Austin Statesman
5/15/2012

PARTICIPATING LOCAL MERCHANTS

PARTICIPATING NATIONAL MERCHANTS

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Here's to all the local businesses who've joined the Isis mobile payment revolution. And if you're a merchant, here's how to be part of changing the history of retail: visit paywithisis.com

ISIS

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Salt Lake Tribune
5/15/2012

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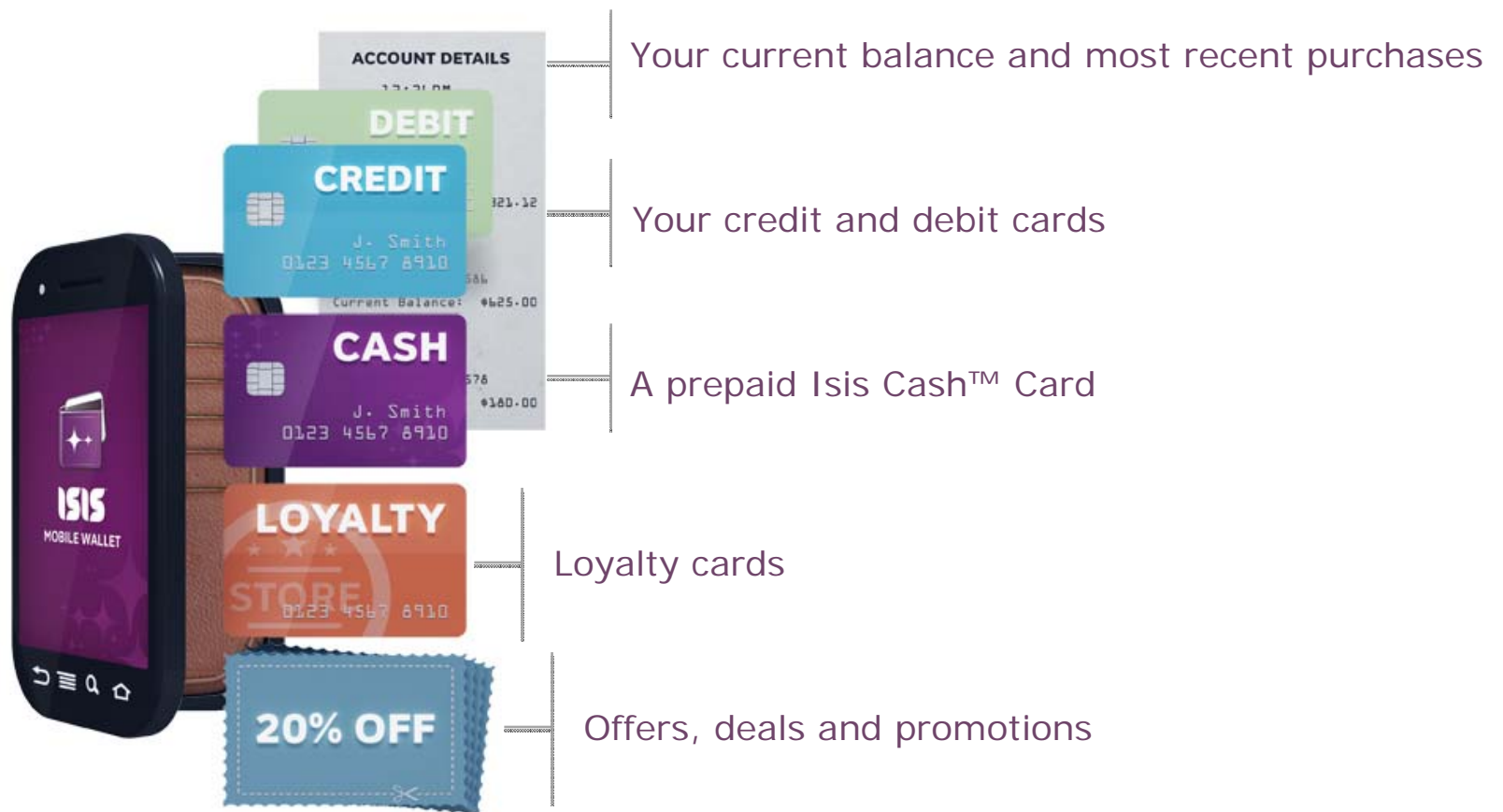
ISIS

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THE ISIS MOBILE WALLET™

WHAT'S IN THE WALLET?

The Isis Mobile Wallet™ holds virtual versions of most things your existing wallet does...



WHERE TO USE ISIS?

Pay & Go stores accept Isis™ for payments. You can pay by tapping your phone to the store's contactless payment terminal



Pay & Save stores accept Isis™ for payment, but also includes its loyalty program and/or offers in the wallet

IT'S SAFER THAN EXISTING WALLET



- The Wallet app is PIN protected
- The app doesn't show the account number of your cards
- All sensitive data is stored on the Secure Element

If your phone is lost or stolen, one call or click can freeze your Wallet

GETTING STARTED WITH ISIS

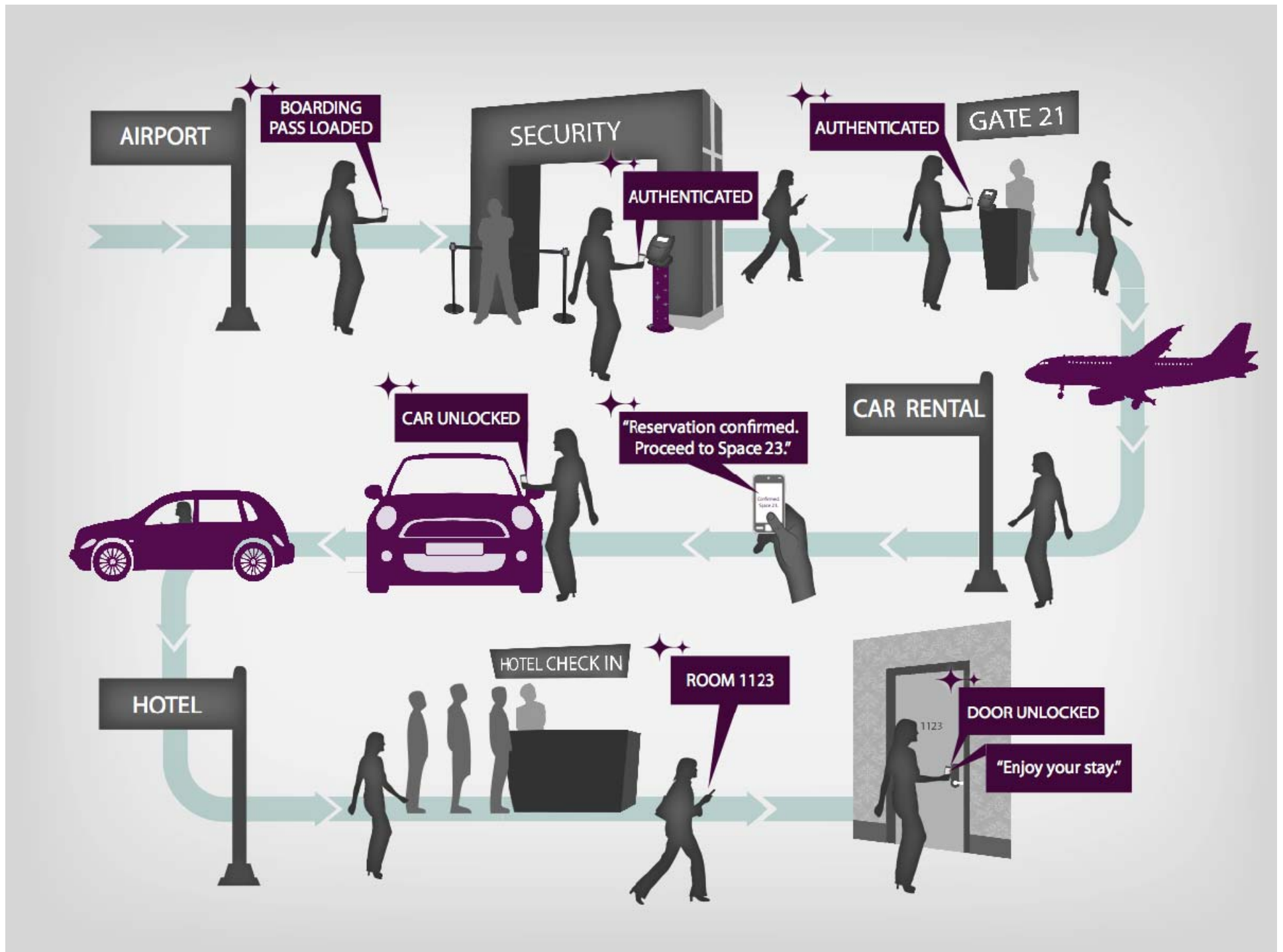
To find out if your phone is NFC capable and has a Secure Element, visit your local AT&T, T-Mobile or Verizon store



Some phones will come with the Isis™ Wallet app already installed.
If yours didn't, you'll need to download and install the app



ISISTM IN THE FUTURE: A STREAMLINED TRAVEL EXPERIENCE



THANK YOU

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