



building a future-proof eCommerce site: the Compaq Factory Outlet turns to CyberSource

Organization

- Compaq Computer Corporation
(The Compaq Factory Outlet)

industry

- Computer hardware

challenge

- Implement a Web-based commerce system that could meet rigorous demands for secure, reliable, high-volume, highly scalable processing services—today and tomorrow

CyberSource

Internet Commerce SuiteSM

featuring:

- Tax Calculation
- Internet Fraud Screen

results

- Scalable on-demand processing power handles unpredictable transaction volumes
- Overhead and “shrinkage” costs reduced through improved credit card fraud protection
- CompaqWorks positioned to take advantage of additional value-added processing services

commerce server

- Microsoft

As the world’s second largest computer company, Compaq is well known for its outstanding desktop computers, laptop computers, powerful workstations and enterprise servers. Recently, the company has been working on increasing the visibility—and revenue-generating capability—of its Compaq Factory Outlets operation. Chartered with selling the company’s excess and refurbished products, CompaqWorks had been selling direct via retail and telesales for four years. By 1998, the time had come to commerce-enable the Compaq Factory Outlet web site. The question was how.

“The decision to expand the Compaq Factory Outlet Store to include a commerce-enabled Web site was a given,” said Tracey Trachta, marketing manager for the Compaq Factory Outlet. “But we wanted to do it right. We knew our focus had to be on constantly making the Compaq Factory Outlet easier and more convenient for our customers, but we also had to ensure that the back-end processing capabilities met our needs and could grow with us. We needed a future-proof solution.”

the right business model,
the right technology

CompaqWorks found the answer in CyberSource. “CyberSource had the business model and the technological infrastructure that met our needs exactly,” said Trachta. “We were able to outsource services such as fraud screening and tax calculation to CyberSource—without giving up control of any sensitive information or compromising our customers’ privacy. That enabled us to avoid the expense of building our own infrastructure while leveraging CyberSource’s proven technology. Now we get on-demand access to the services, processing is fast and transparent to our customers, and we pay on a per-transaction basis so the cost is very reasonable.”

Currently, the Compaq Factory Outlet is using two services from the CyberSource Internet Commerce Suite: CyberSource Internet Fraud Screen, which examines 150 different factors in real-time to calculate the profitability of fraud and verify consumers identity in a requested purchase; and CyberSource Tax Calculation, which provides real-time tax calculations.



the power behind the buy buttonSM

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“A fraudulent transaction can result in a significant monetary loss,” said Trachta. “Plus a constant barrage of fraudulent transactions can tie up a site’s resources, stealing bandwidth away from legitimate customers and negatively affecting their buying experience. CyberSource Internet Fraud Screen guards against all this.”

multi-dimensional scalability

Best of all, said Trachta, CyberSource can grow with the Compaq Factory Outlet, scaling in a number of ways. For example, the Compaq Factory Outlet can elect to take advantage of additional CyberSource services at any time, adding real-time payment authorization, distribution and export compliance, delivery address verification, digital right certification, fulfillment messaging, and other services quickly and easily.

“With the Internet Commerce Suite, we’re now able to add new commerce functionality whenever it is needed,” said Trachta. “And that enables us to avoid the burden of integrating and managing multiple third-party solutions.”

In addition, the CyberSource infrastructure scales on demand, accommodating up to a ten-fold increase in transaction volume. Every component of the CyberSource infrastructure is scalable, resulting in an architecture that can scale in terms of volume, performance, and number of users supported.

the results are in

Since implementing the CyberSource solution in November 1998, the Compaq Factory Outlet

has achieved the results it sought:

- Maximum commerce functionality from a single source
- The ability to provide new commerce functionality on an as-needed basis
- Reduced transaction cost and complexity while maintaining complete control of its own business logic
- Easy integration with Microsoft Site Server and back office systems
- Processing scalability to meet unpredictable—though steadily rising—sales volumes
- Processing bandwidth to meet all spikes in sales volumes
- Minimal impact of credit card fraud on margins and site bandwidth

“everyone does what they do best”

By leveraging CyberSource secure eCommerce services, Compaq is better able to focus on areas where it adds unique value: making the store-front appealing and easy to use and pursuing marketing activities to spur demand. “Now everyone does what they do best,” said Trachta. “We add value on the business and strategy side, and CyberSource handles the process issues, which are its core competency. It’s very efficient and it makes sense economically.”

Trachta concluded: “Selling our products on the web was inevitable. CyberSource made it practical. Now we have a solid, scalable eCommerce foundation on which to expand, with single-vendor accountability, excellent support and a full range of commerce transaction options. CyberSource clearly has been the best answer for us.”