



POSITIONING FOR LEADERSHIP IN THE GLOBAL PAYMENTS MARKET

NTT Data/CAFIS Case Study

January 2007

Why Kabira? CAFIS wanted speed and flexibility in product development that matches the speed of business.

BACKGROUND AND CHALLENGE

Tetsuro Tsuboya, Senior Executive Manager of NTT Data CAFIS' Cards and Payment Transaction Business Unit knew he had two large problems. With annual transaction volume increasing by 20%, and an eye on huge new target markets, Japan's largest card payment processor had reached a business crossroads. The card processing giant's proprietary system design and 30-year-old data network was built on outdated technology and hardware that prevented expansion to networks in other geographical markets.

Additionally, he knew that the existing architecture would soon be unable to meet the demand for scalability or the company's goals for quickly adding new services and features. All of these factors would hobble them competitively in new and existing card payment markets.

After looking at several alternatives, the question came down to: where is the highest ROI? Replace CAFIS' legacy system with Kabira's next-generation architecture designed to run on open systems -- or to keep trying to squeeze more performance from the existing system by grafting on even more hardware and proprietary software?

CAFIS (Credit and Finance Information System) is the electronic payment transaction business unit of NTT Data, processing more than 2.4 billion transactions per year and growing. The network and processing giant handles the majority of Japan's credit and debit transaction processing for over 1300 merchants, and has plans to expand both its geographical reach and its business services model as quickly as it can.

"The Kabira solution gives us the fast development time we need in a flexible environment and provides a high level of reliability using inexpensive hardware."

-Masanori Kurihara, Deputy Manager, Card Network Group, NTT Data CAFIS Cards and Payment Transaction Business Unit

CAFIS executives knew that the key to leadership in the new markets must begin with a new infrastructure that could provide flexibility and reliability for the future and reduce the cost-per-transaction today in a real-time processing environment. CAFIS also wanted a development environment that could guarantee the company would meet all of its business targets.

CAFIS chose Kabira.

THE KABIRA SOLUTION

CAFIS implemented the Kabira Financial Payment Switch™, a highly reliable financial services solution, and the powerful Kabira Transaction Platform™. This gave them the flexibility and cost-savings they needed to deliver high-volume processing on a software fault-tolerant system with high availability. Kabira's efficient, SOA-compliant, model-driven architecture provides powerful tools to rapidly create and deploy new and complex services, helping the company expand its payment channels and payment types.

"Kabira is more than a good technology provider. Kabira has the domain knowledge to make it a good strategic partner that can support NTT Data's future business plans."

-Yuuji Oono, Senior Manager, Card Network Group, NTT Data CAFIS' Cards and Payment Transaction Business Unit

To make it possible for CAFIS to continue servicing its existing Japanese customer base while opening up the network to new global users of its card processing services, Kabira devised a gateway that provides new customers in overseas markets with low-cost, standards-based (ISO 8583) access to CAFIS' services running on its legacy systems. This solution required no changes to the company's core system, thus reducing risk, as well as cost.

Further increasing ROI, the Kabira solution is engineered for deployment on low cost, commodity hardware. This reduced CAFIS' TCO immediately, and will continue to reduce its future TCO as the company continues adding new services and scaling to meet demand. Since the Kabira implementation, CAFIS has experienced significant cost reductions in key areas of its business, saving on costs associated with hardware, software, processing and application development. CAFIS found that Kabira offered the lowest overall solution cost compared with other vendors.

Kabira's Financial Payment Switch gives CAFIS a powerful, feature-rich solution in a modern, extensible framework with a development environment that gives the company a competitive edge in speeding new services to market. With Kabira, CAFIS is positioned to take its highly service-oriented business to the global transaction processing marketplace.





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CAFIS' Key Challenges	Results Produced with Kabira
<ul style="list-style-type: none"> Needed to dramatically cut delivery time for new services and reduce resources needed to produce them 	<ul style="list-style-type: none"> Speeded development of new services. Example: delivered Proof-of-Concept (POC) in 3 weeks, rather than 5 months Enabled shift to in-house development
<ul style="list-style-type: none"> Needed to improve quality of development 	<ul style="list-style-type: none"> Kabira environment dramatically improved development process efficiencies and raised quality and stability of new services
<ul style="list-style-type: none"> Needed to cut overall system cost 	<ul style="list-style-type: none"> Migrated processing away from expensive legacy machines by implementing Kabira's high-performance software on much lower cost, commodity hardware Saved outsourcing costs by shifting to in-house development
<ul style="list-style-type: none"> Needed to deliver new services in growing business segments such as micropayment settlement and prepaid schemes 	<ul style="list-style-type: none"> Kabira's flexible Transaction Platform features SOA-compliant, model-driven architecture that enables fast development of new payment services
<ul style="list-style-type: none"> Needed to expand into new geographical markets, including China 	<ul style="list-style-type: none"> Kabira provided low-impedance connections, enabling CAFIS to attract new customers migrating from competitors Leveraged legacy system by creating international ISO 8583 gateway to the CAFIS system

TECHNOLOGY USED IN THE KABIRA SOLUTION

Software: Kabira Payment Switch and Kabira Transaction Platform using UNIX.

Hardware: Kabira deployed on Solaris commodity hardware, which is inexpensive to purchase and scale.

Network integration: Kabira gateway transparently integrates CAFIS' and ISO networks -- enabling CAFIS to add new customers using low-cost connections -- without making changes to CAFIS' core systems and network.

Development environment: Model-drive architecture and SOA-compliant, integrated development and execution environments let programmers develop and test new services rapidly - in weeks or months, not years.

Built-in Kabira High Availability provides fault-tolerance at the software level, protecting data and applications without expensive clustering or redundant/idle hardware. Kabira's 64-bit, memory-resident processing and storage are designed to transparently manage the activities of scores of UNIX-based processors and provide highly reliable services that are always on.