

# Upgradeable Payment Switch Aids Payment Processing Demands

A grocery retailer/distributor modifies its payment processing system to keep pace with retail trends.

by Laurie Pasquerell

Spartan Stores supplies 40,000 private-label and national-brand products to more than 330 independent grocery stores. In addition, it owns and operates 79 supermarkets, drug-stores, and fuel stations in Michigan and Ohio under the Family Fare Supermarkets, Glen's Markets, Quick Stops, and The Pharm names. Spartan Stores began as a wholesaler in 1917 and, beginning in the 1990s, began to acquire a variety of grocery and deep-discount drug stores as a strategic step in developing its retail business segment. In 2000, it upgraded its POS system across all stores to provide consistency and facilitate reporting. At the same time, the state of Michigan initiated EBT (electronic benefits transfer), which automates food stamp benefits. Food stamp recipients received a plastic debit card, called the Michigan Bridge Card, containing account balance information, in lieu of paper food stamps. The state provided grocery stores with stand-beside terminals as redemption devices, for use at the point of sale.

Spartan Stores determined it was necessary to integrate its POS system with Bridge Card processing to avoid providing each store stand-beside terminals to process Bridge Cards. Spartan Stores chose the IBM 4690 POS system, in addition to ISD Corporation's Payment Switch Framework, which was immediately

used to handle all credit, debit, and check processing. "We expanded the functionality of ISD's Payment Switch several times since the original implementation," says Dave Prus, retail application development manager at Spartan Stores. "These systems were deployed to accommodate integrated Bridge Card processing, which was completed in 2001. ISD's Switch allows us to add new transaction types and new functionality whenever we wish. When necessary, we approach ISD for modification to accept the new POS messages, which in turn are routed to the appropriate bank or processing center."

## Payment Switch Supports Gift, Phone Cards, Other Functions

In 2002, Spartan Stores began selling MCI phone cards and private-label Spartan gift cards. In order to support the activation, redemption, and balance inquiries performed on these new cards, both the ISD Switch and POS system were changed. "Changes were again required in 2003 when we implemented an associate discount on qualified purchases via keytag," states Prus. "In 2004, we upgraded when we opened fuel stations and implemented pay-at-the-pump transactions. In 2005, we added several new features, including prepaid cards, such as pay-as-you-go cellular phones, prepaid Visa cards, and pre-



**ISD Corporation's Switch technology enables Spartan Stores to expand its products and payment methods.**

paid ring tones and games for cellular phones. At the same time, we began offering third-party gift cards for other retailers such as JCPenney, Starbucks, and Circuit City, which required additional routing functionality. We continually add product offerings because the diversity contributes to greater customer loyalty – customers purchase many non grocery items at our stores."

In addition, Spartan Stores supports its distribution customers through the value-added service of payment processing. "We provide payment processing services to 125 of the 330 independent retailers we supply products to," says Prus. "This service provides smaller retailers with diverse offerings previously limited to larger retailers." □

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