



DISCOUNT[®] **TIRE**

DISCOUNT TIRE
EXPANDS TOKENIZATION
TO PROTECT PERSONALLY
IDENTIFIABLE INFORMATION

T O K E N E X

DIGITALLY TRANSFORMING CUSTOMER CREDIT APPROVALS THROUGH THE TOKENEX DATA SECURITY PLATFORM

Through honesty, service, and a willingness to pay it forward, Discount Tire has always strived to provide unexpected experiences that delight their customers to keep them coming back for automotive products and services. In fact, many of their customers have been buying and servicing their tires at Discount Tires retail outlets for literally generations. Valuing their customer base and working to improve the patron experience even more, Discount Tire wanted to drive a digital transformation to a paperless financial application process. The goal was to make applying for in-store credit and loans easy and fast for both customers and retail staff, while keeping both the payment card information (PCI) and customer personally identifiable information (PII) out of the point-of-sale and back office systems.

In addition to increasing customer satisfaction and sales, the initiative received C-level executive support from both a business and security standpoint. Keeping customers top of mind and in light of high-profile data breaches that have embarrassed major brand name retailers in recent years, Discount Tire's founder, Bruce T. Halle, gave his executives two security directives: 1) Keep Discount Tire customer data safe, and 2) Keep Discount Tires out of the headlines about anything related to data breaches.

Like many organizations, Discount Tire was already securing payment data. PCI is usually the first data type to be secured by an organization that accepts payment cards and financial data, because when doing so, they must become compliant with the Payment Card Industry Data Security Standards (PCI DSS). The process of being PCI DSS compliant is costly, time consuming, and never-ending. However, by using encryption, tokenization, and cloud data vaulting, an organization can remove customers' PCI data from their business systems, reducing the scope and cost of their PCI compliance efforts as well as the risk of data breaches that expose customer data, resulting in fines, lawsuits, and lost business.

Initially, Discount Tire used encryption and tokenization for their point-of-sale PCI data by implementing P2PE devices and data management services supplied by their Verifone Point Enterprise system. However, they realized that completing a sale often requires both a credit check and an application for obtaining Discount Tire's private label credit card—or qualifying for a low-interest loan from a third-party financial provider. To efficiently process a credit application, Discount Tire needs to collect a minimum of: name, address, phone number, social security number (SSN), income, date of birth (DOB), as well as an image of the customer's signature. To hackers this is very valuable PII that can be used for a variety of fraudulent endeavors, providing an enticing target for data theft. At the Discount Tire retail stores, too much time was being spent by customers filling out paper credit applications, which were then hand-keyed by employees into the point-of-sale system, thereby exposing sensitive customer PII to employees, as well as storing it in internal business systems. After this process, the PII was transmitted to Discount Tire's financial partners for approval and a credit amount, but there were many potential breach points in the data flow.

Evan Hunter, Project Manager of Payments and Finance at Discount Tire, recognized there was an opportunity to streamline, and at the same time secure, the loan approval process, making it easier for customers to apply for Discount Tire's private label credit card or other low interest loans; automate the data entry process; eliminate employee handling of sensitive PII; and remove PII from Discount Tire's internal systems to reduce the risk of data breaches.

BEGINNING THE DIGITAL TRANSFORMATION OF CREDIT APPLICATIONS

The first phase of the digital transformation involved working with Verifone to design, test, and pilot a new interface called Quick Credit App that would capture at the POS terminal some of the high value PII—such as SSN, income, and DOB—needed for a credit application. This would be combined with customer information from

Discount Tire's systems, such as customer name, address, and phone number, to complete a loan application. The combined data could be encrypted and transmitted to the financial partner for a credit decision and, for a new customer, a credit card number. However, the process still left considerable PII in Discount Tire's business systems. Hunter reflects on this challenge: "Do we really need to store all the personal data we collect from customers? While we use that data to provide the best customer experience possible, to understand the life cycle of the tires we sell, and the types of products our customers need, we really should not be storing it. We are experts in retailing and customer service. We are not an IT security company. I've always followed the adage: *The philosopher leaves the cut of his sleeves to his tailor*. We should not be in the business of trying to securely store PCI or PII."

Since the Verifone system already tokenized PCI and vaulted it with the processor, the challenge was to also tokenize and remove the PII collected for credit approvals to reduce the risk of exposing customer data, yet still have the associated tokens for use in business processes, marketing, and analytics. What Hunter and his team needed was a tokenization provider that could integrate seamlessly with their existing POS system, payment processors, financial credit providers, and safely tokenize and vault the PII.

However, almost all payment tokenization providers focus solely on PCI and cannot, or will not—due to the liability of handling PII—comingle PII tokens with PCI. A flexible and open tokenization provider can tokenize any data type and correctly store them in the same secure data vault. So that's the capability that Discount Tire was searching for when they launched the second phase of the loan application implementation.

A COLLABORATIVE APPROACH TO DATA SECURITY

Hunter talks about the search for the right security provider for their PII project: "When Discount Tire looks for security partners, we look for proof of business continuity, indemnification of loss, the ability to be added as insured under their cyber-risk policy, and the ability to hold both the data being stored and the tokenization platform itself in escrow. When you meet a potential partner that can meet those stringent criteria, we know that they are confident in their solution and their business. TokenEx met all those requirements for a data security partner. After talking with the team at TokenEx, discussing in detail our problem and possible solutions, as well as interviewing their existing reference customers, we knew they were very capable of protecting their customers' data and so by extension, our customers' data."

With TokenEx selected as the tokenization platform for PII, the two teams quickly defined the architecture and integration points. It was a collaborative development experience for both Discount Tire and TokenEx: bringing ideas to the whiteboard, refining integration and data flows, and agreeing upon an implementation plan. Together the teams built a cutting-edge secure system for entering, transmitting, and storing PII that would flow from Verifone POS devices, to TokenEx, to the financial lending partners and back.

AN OPEN PLATFORM FOR INTEGRATION IS KEY TO SMOOTH DIGITAL TRANSFORMATION

One key step that required a special integration was in processing a new application for a Discount Tire branded credit card. The goal of this integration is to capture the PII data via the Verifone Quick Credit App, send it to TokenEx to be vaulted and converted to tokens for later use in Discount Tire's systems. TokenEx sends the encrypted "real" data to the financial providers, who then sends the approval and credit limit through TokenEx back to Discount Tire so the sale can be completed. However, in that returned data is also a new credit card account number for the Discount Tire branded card. Discount Tire did not want to store the PCI—something they had just worked hard to get rid of—so TokenEx also collects that number from the financial provider, sends it to the Discount Tire processor for tokenization, and sends the token to Discount Tire for future use. This smooth integration works with any financial provider because TokenEx is an open integration platform and is payment processor and financial institution/lending platform agnostic.

Another sign of openness in the TokenEx Cloud Security Platform is the freedom of data ownership. TokenEx clearly states that all data stored in the TokenEx Cloud Secure Data Vaults, as well as the tokens used to mask the data, belongs to the customer. TokenEx is the custodian of the sensitive data, and customers have full rights to having it returned at any time. Other vendors license the tokens used in the tokenization process and will not provide the token/data set pairs back to the customer. This is especially critical when storing PII data, as sensitive customer information should always be detokenized and returned upon request. Hunter remarked, "The openness and flexibility of TokenEx's platform is an important part of our trust in their business ethics, along with the other requirements we had, it proves that TokenEx has their customers' best interest front and center."

TokenEx provides an open platform for data security, integration, and process improvement to create a seamless customer experience—with connectivity to multiple financial and payment providers, so that Discount Tire can service the full spectrum of consumers. Hunter thinks this is key to Discount Tire's business philosophy. "We believe that customers' driving safety is a top priority. However, a set of four tires is not a small investment for many working families, so having affordable financing options to get the right tires, at the right time, is a critical step in ensuring customer safety and satisfaction. TokenEx will enable us to work with a range of finance providers to get the best loan deals for our customers, quickly and securely."

A QUICK ROUTE TO IMPROVED CUSTOMER EXPERIENCE AND SECURE PII

The entire digital transformation of the customer credit experience came together in under five months—a remarkably short time for a project that other tokenization service providers said could not be done at all. The initial contract with TokenEx occurred in April of 2017; the integrations were tested in June and certified in July. The new system went live in mid-August.

"When we first started this digital transformation project, there was some doubt that it could be successful," states Hunter. "While Discount Tire has a history of implementing cutting edge technology, such as EMV and P2PE devices, this project was of a different order, involving not just technology, but intricate integrations among several systems and vendors. The fact that we not only successfully completed the digital transformation of our credit and loan processing and secured the PII, but did it in only five months, is testament to the collaboration between our internal team and TokenEx. It also demonstrates that the open integration capabilities of the TokenEx platform are essential to making these kinds of transformation possible."

TOKENEX CLOUD SECURITY PLATFORM SECURES PII AND ALL DATA TYPES

Many digital transformation projects include the need to secure sensitive data normally stored in an organization's business systems. Whether the data is payment, personally identifiable, healthcare (PHI), or document/image-based, the risk of exposing it to data thieves can be eliminated through a combination of encryption, tokenization, cloud data vaulting, and key management. The TokenEx Cloud Security Platform employs all four of these techniques to remove sensitive data from IT systems without disrupting existing business processes. The open integration capabilities of the TokenEx platform provide proven methods of securely moving sensitive data among business partners. With TokenEx acting as custodian, your data is always your data, with a no-caveat return policy should your business needs change. The TokenEx team is at your service 24x7x365 to ensure that your sensitive customer and payment data is available.

Need help with securing sensitive data of any type for your digital transformation project? Contact TokenEx at sales@tokenex.com or call (877) 316-4544.