



Newsletter for October, 2010 from Club Data Corporation

This newsletter is sent monthly to Club Office users to provide helpful hints or information that you may find of value.

Club Office Changes in the October, 2010 Update:

POS - Paid out function – Several changes were made to the paid out function – primarily to require an employee number to be tied to this function. In addition, some clubs place this button on panel number 101, which can be configured to have additional security.

Reports – Cosmetic changes were made to several of the inventory movement and A/P reports.

POS – Time of day values were added to the register reports - These changes allow you to print shift reports for your cashiers.

A/R – An edit change was put in to disallow “zero date” manually keyed chits.

Tax Forms

Order forms for the W2 and 1099 forms that work with Club Office will be sent with your October 31 statements. Please indicate what you will need and return it for processing.

Financial Security at Your Club

We’ve had several conversations in the last month with club controllers regarding the costs/benefits of purchasing an audit from an outside CPA firm. Private clubs are not cookie-cutter manufacturing facilities; therefore it is essential that you select a firm that has other clubs as clients. Not doing so will invariably result in less value from your purchase of the service, or your auditor learning the club industry on your dime.

Clubs are much more likely to engage in less than arms length transactions than normal businesses. While there may be some advantages in dealing with friends/members/relatives for services or trade-outs, there are distinct disadvantages. At one time or another, most club managers have found themselves on the very short end of such a transaction after it has gone badly and found themselves in the position where it is next to impossible to

get mad at the person or unable to seek the resolutions that a traditional business transaction would offer.

Clubs also differ from many businesses, in that the small size of the office staff makes the traditional separation of financial responsibilities impractical. Given that inherent risk and the opportunity for collusion between a member and an employee, an audit or a review from an outside firm that has extensive experience in the club business may be protecting the club managers, board of directors and ultimately, the members.

Looking ahead: Credit Card Security/Fraud/Identity Theft

Credit card processing

For years the equipment used to process credit card transactions at the retail level has largely consisted of a credit card and either a processing device connected by an external phone modem or a magnetic stripe reader connected to the point of sale terminal. In most cases the transmitted card information wasn't encrypted because the source information (credit card number & expiration date) wasn't encrypted to begin with on the magnetic stripe itself. Additionally, many legacy POS systems stored the customer's credit card source information to provide a way of ensuring that the sale information was available in the event that the transmitted information was lost, thus providing a way for the merchant to get paid for the sale. All of the legacy methods for using credit cards in a sales environment have contributed to our current problems of credit card fraud and identity theft.

In the last five years the credit card industry has responded to the fraud and identity theft problem by continuously revising the standards that the merchant and the POS software must follow to ensure tighter cardholder security. For our software, we have always used the industry-approved software tools that were provided to us by several major card processors, notably Merchant Partners/Moneris and Mercury Payment Systems. You should know that in compliance with all past and current standards, our software has never stored the credit card number information! Instead we have stored the transaction ID and other related approval codes provided by the card processor that allow for a means of processing an add-on gratuity or sales return. But the card industry's security standards continue to be a moving target and require even more changes as 2011 nears.

What's Ahead

The next generation of secure card processing devices is finally available to software developers and we have spent the summer integrating the best one into our POS software. The device, called a MagTek IPAD (not to be confused with the Apple Ipad), replaces the traditional magnetic stripe reader and encrypts the card information *as the card is swiped* – before the

PC and the POS software even see it. Our software then sends the encrypted information for approval and the POS system stores the returned transaction "token" number that the system can use to reference the sale at a later date. Because the actual credit card swipe data is never touched by the PC or the software, you gain an unprecedented level of data security. The bottom line is that you gain vastly increased security just by swiping the card like you normally do.

Debit Card Processing

Want to save some *real* money? The IPAD also provides full debit card support, which as you know, requires that the customer enter his/her PIN number during the sale. Using a debit card for high-dollar transactions such as dues, outside events or even a greens fee and a golf cart, can save you *serious dollars* - on the order of *dollars per transaction* - over what the fee might be for a phoned-in or manually-entered credit card.

What You Need

1) *Each POS register that will be used to process a credit or debit card transaction must have its own IPAD.* This includes back-office PCs that are used for processing card-not-present sales or payments on account. The merchant account is set for system wide IPAD use and regular magnetic card swipers will not work for any credit/debit card transactions in your system.

2) The IPAD costs \$250 each. If you are already using plastic gift, member or employee cards in your operation, you can continue to use your current magnetic stripe reader for them. IPAD is only for credit and debit card transactions.

3) IPAD is plugged into a powered USB port on the computer. Because not all USB ports are powered and some computers (notably laptops) might not have any powered USB ports, a simple solution is to use an inexpensive powered USB hub in addition to the IPAD.

Next steps

Contact us. We'll co-ordinate the delivery of the IPADs, cutover of the register configuration screens, etc. and help with configuration to ensure your IPAD works properly.

All the best,

Scott, Dave & Bill