



NEXO ANNUAL CONFERENCE

PARIS OCTOBER 1-2, 2018



Deployment of a standardized payment solution: *The journey and field experience feedback*

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Auchan Holding in key figures





1960s, start-up in the North of France



Key figures 2017

51,7 billion in revenue ex-VAT	17 countries worldwide
13th largest food retailer in the world (source deloitte)	351 282 employees, including 266 788 shareholder employees
3 778 points of sale under banners worldwide	960 articles sold per second
85 customers per seconde	2,64 billion customer checkouts



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EASTERN EUROPE
(Russia, Ukraine, Poland,
Romania, Hungary, Tajikistan)

19,7% of the turnover
513 stores

EASTERN ZONE
(France, Spain, Portugal,
Italy, Luxembourg)

53% of the turnover
2509 stores and 161 drives

AFRICA
(Senegal, Mauritania,
Tunisia)

0,1% of the turnover
8 stores

ASIA
(China, Taiwan,
Vietnam)

27,2% of the turnover
57 stores and 9 drives

Auchan Retail is active in **17 countries**, in **Europe, Russia, Asia** and **Africa**.
In each one, Auchan Retail pursues its development as close as possible
to the people and to the places where people live.

PAYMENT IS EVERYWHERE

but it's often the most difficult part of the user experience

... the start of our journey ...



2012: understand that evolutions will arrive in payments



1. **Payments will go through many changes: technical, regulatory, security, innovations**
2. **Market requires flexibility, scalability, optimisation of costs**, within a very high level of **security**

The payment must follow and be driven by the evolution of the customer relationship, and not the opposite!

... however a difficult heritage with various domestic implementations and habits, which were becoming constraints and barriers ...

POS TERMINAL

65 000 POS terminals, **more than 40 different models!**

INNOVATIONS

Innovations stick to domestic and local payment systems.

SECURITY

Action plans for each payment solution. **Huge work and cost**



PAYMENT SOLUTIONS

- 20 payment solutions for f2f
 - 17 ecommerce PSP solutions
- not interoperable each other**

ACQUIRING

More than 30 local acquiring banks

REPORTING

Lack of transparency, as much accountable reports as banks.

PROTOCOLS

Domestic protocols, not interoperable each other

**... payments are often
controlled by third parties
with other interests**



The world of payments is changing, driven by new customer relationships, regulatory changes, and data management ...

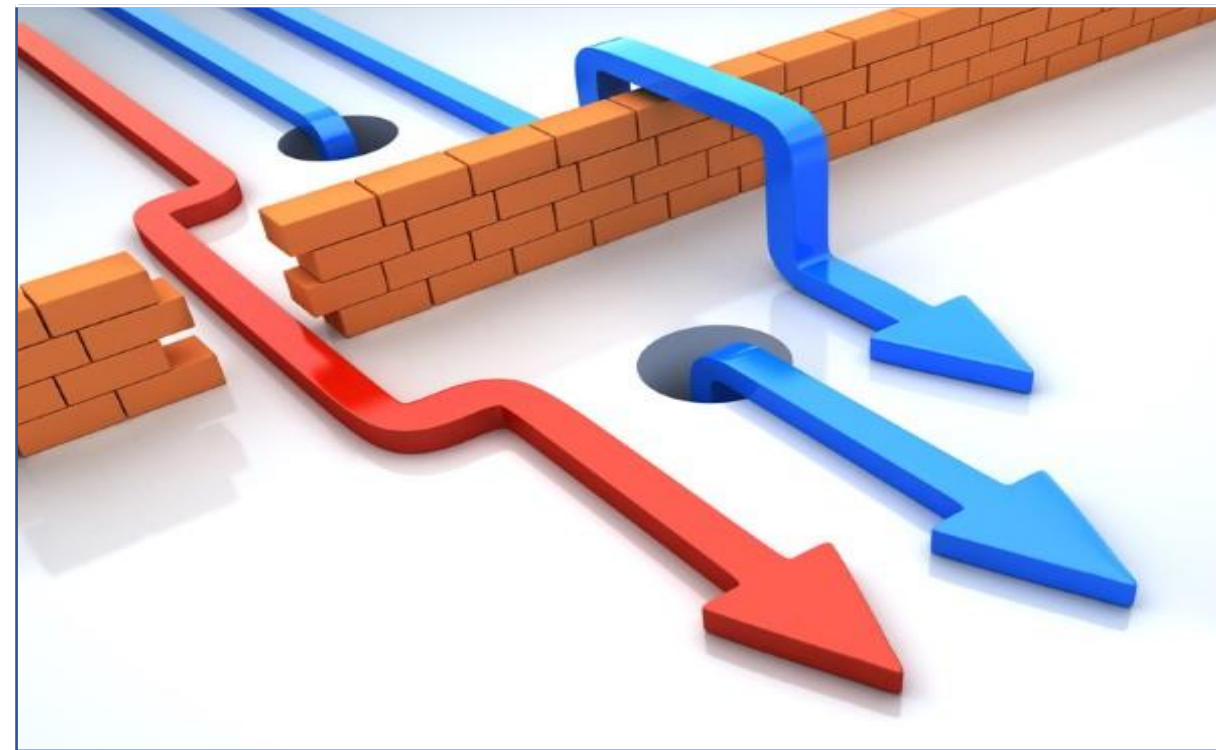
*Auchan Retail is preparing and deploying its
payment strategy ...*

Cost control, Management of data, Control of security

Integrate payment from the beginning of the customer journey

... to remove payment barriers,
to go from check-out to check-in ...

... however this requires rethinking our
payments to overcome the limitations and
constraints of old systems



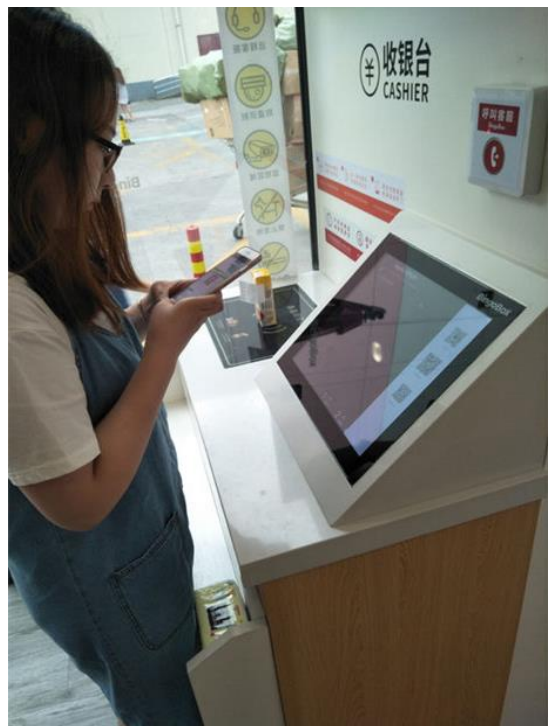
**Make disappear, make transparent the
act of payment**



Example: New concept of automated shops, open 24h/7d

(Auchan Chine – Shanghai)

- Totally “phygital”: works without staff
- Identification and payment via the smartphone.





Our Payment Strategy



An early adopter on standardisation actions

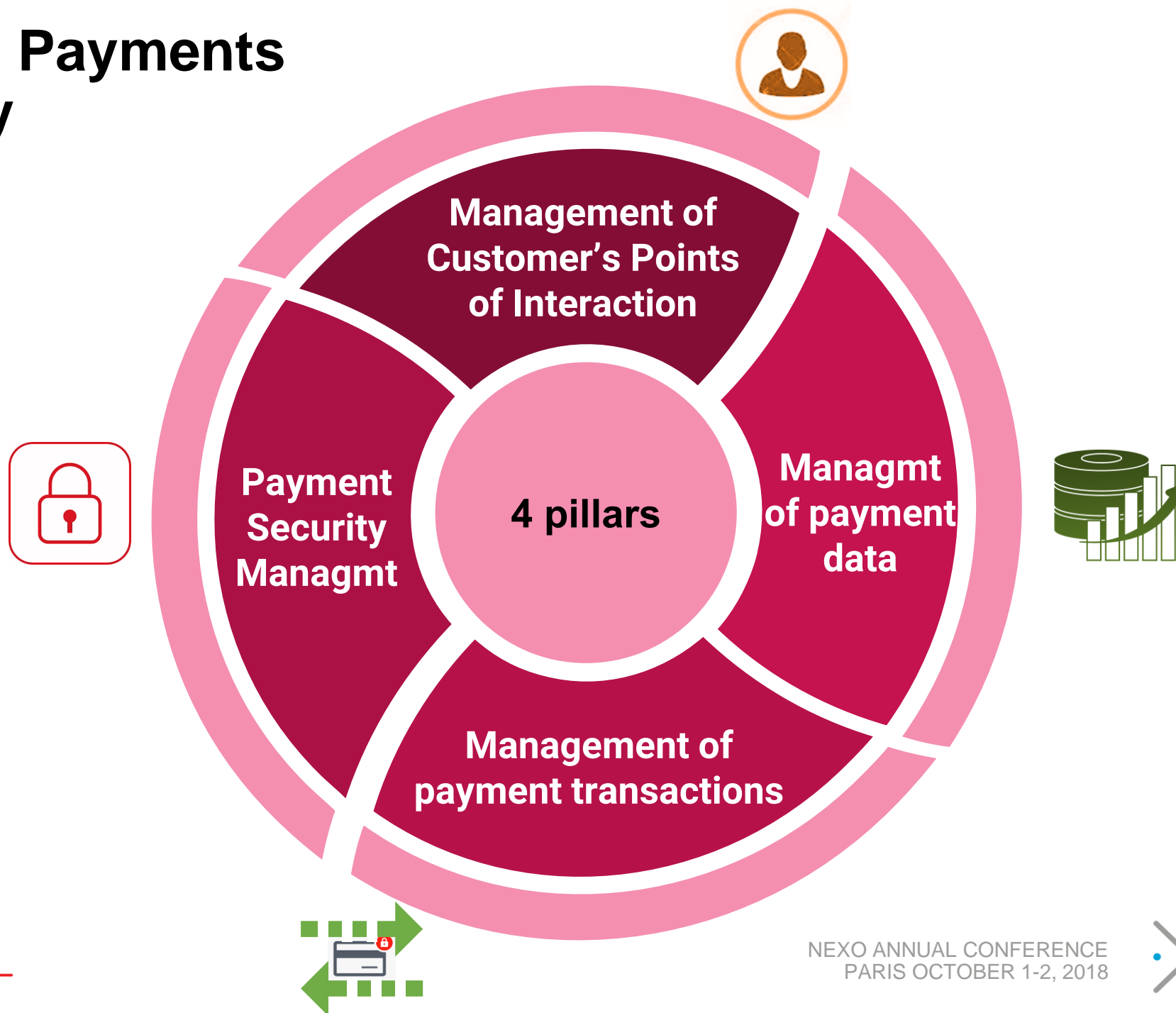
March 2012: 1st merchant to join the OSCar consortium (ex nexo IS)

2013: 1st merchant to implement the new nexo standards in France then in Portugal
→ *we validated in the field the use of nexo standards for our new payment strategy*



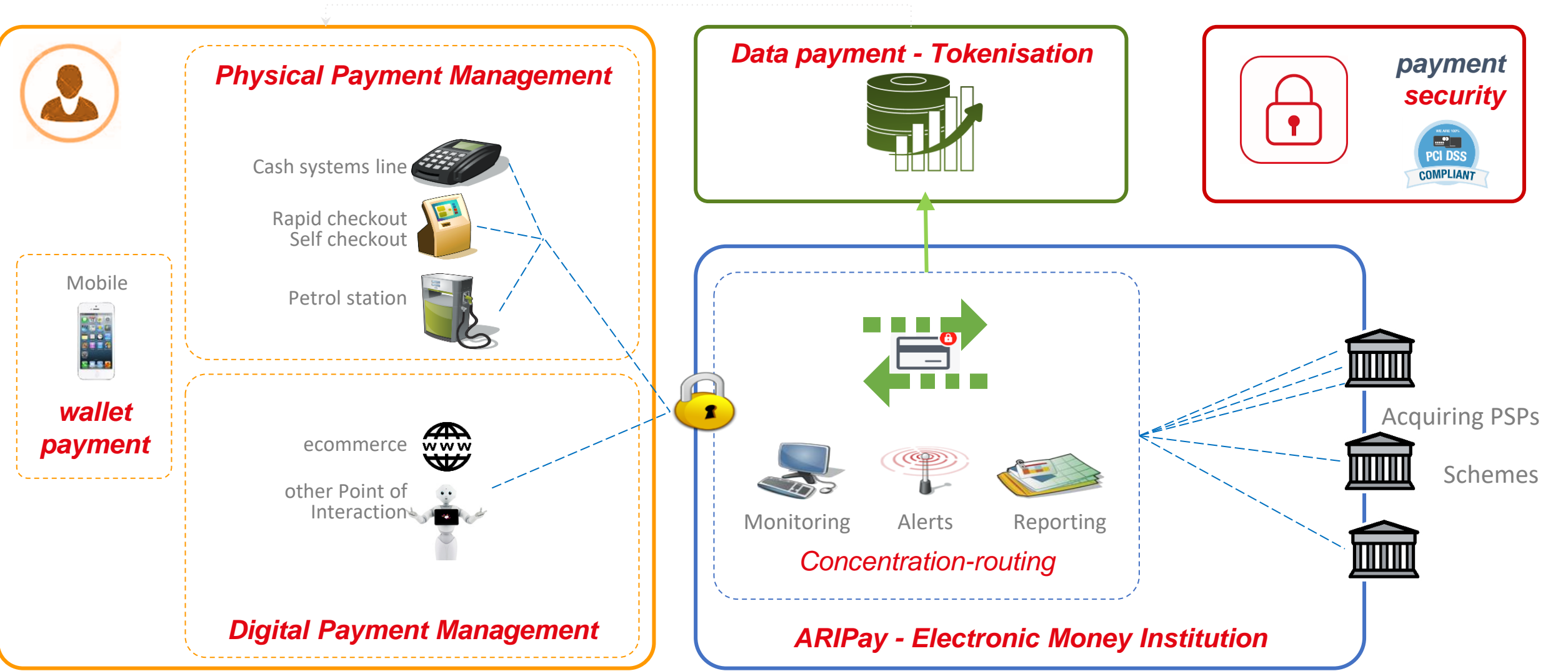


Auchan Payments strategy



The payment strategy: a set of coherent and complementary actions

*Business Partner
with the Auchan
countries*





... using all parts of the nexo standards

- **nexo-retailer** with the cash systems
- **nexo-Fast** for payment application
- **nexo-acquirer** for connection with banks and third parties
- **nexo-IS** for full integration and compliance



Launch of the “pilot” in France

129 Hypermarkets

102 Drives

107 Petrol stations

8000 POS terminals
Cash systems lines
Rapid checkout
Self checkout
Peripheral POS

430 Drives automates
102 Drives cabins
107 Petrol cabins
1000 Automatic Petrol Stations

266 millions payments/year

- **60 transactions per second**
- **1.5 million a day**

11 different suppliers to manage

... with many dedicated Auchan specificities



Results

- **A totally new payment infrastructure at the shops based on nexo standards, secured with P2PE.**
- **Nexo is perfectly aligned with our objectives**
 - Fully operational
 - Easy to adapt to our Auchan private cards
 - Independent of the domestics constraints
- **Improvement of the time of the transactions**
7% transaction time optimisation



With

- Full centralised outsourced platform (no local payment servers in the stores)
- nexo standards (ISO 20022)
- Point-to-Point Encryption

**We confirmed the direction
for the international
deployment**





Lessons learned



Lessons learned

1. The resistance to change

- Need to change habits, both internally and externally
- At the border of two generations, the old ones who cling and the new ones who innovate.

2. Need for a strong organisation to manage to overall strategy



Organisation: many internal and external actors

Internal actors

- Finance
- Innovations
- IT Department, physical and ecommerce
- Efficiency
- CRM
- Data Management

... for each Country and Corporate !

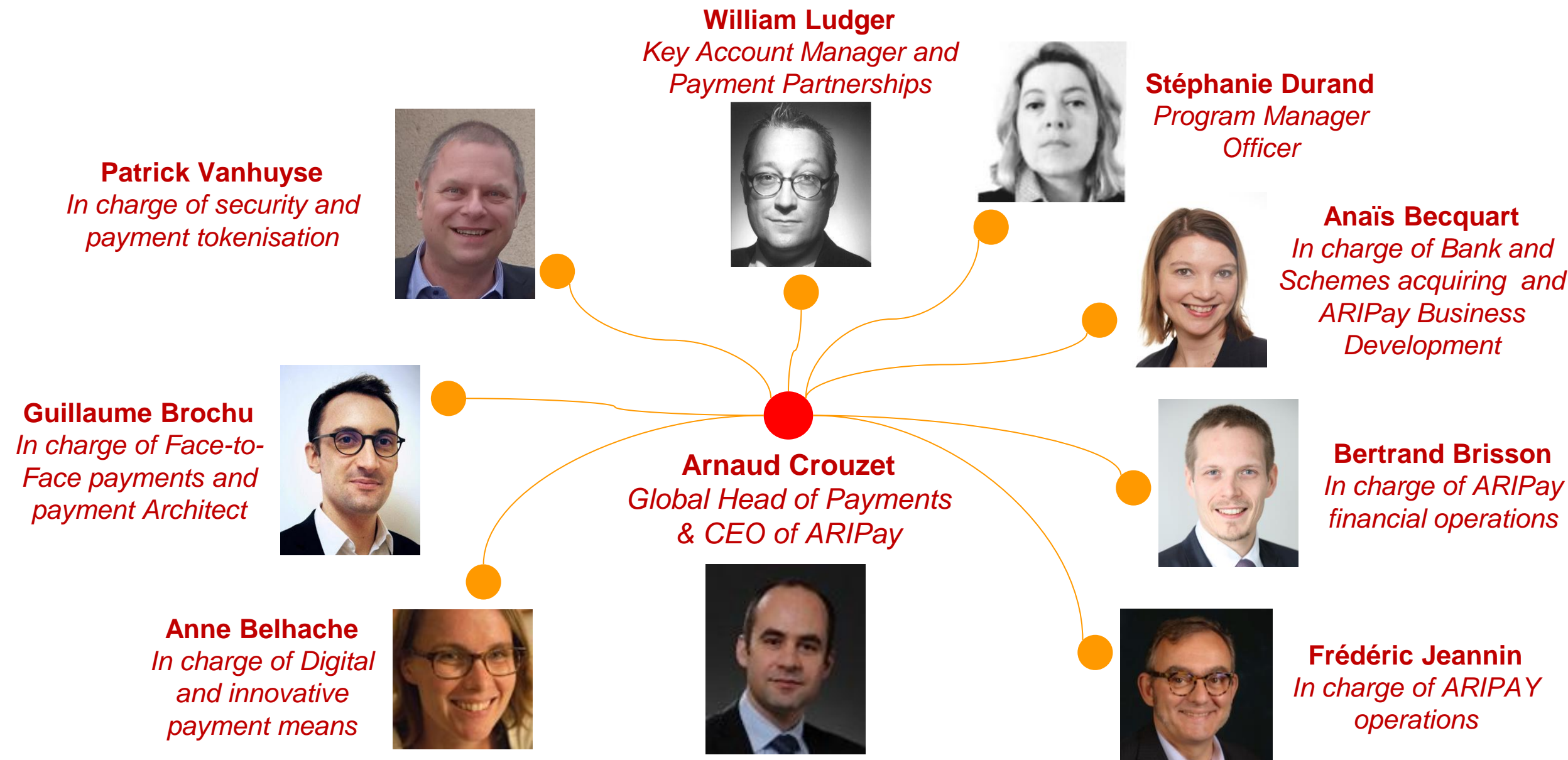
External actors

- Payment systems
- Cash-Systems
- Tests tools and compliancy
- Drives and Petrol Stations
- Consultants
- Banks and schemes



and much more

Setting up an Auchan Retail team dedicated to managing the global payment strategy deployment



Strengthen the actual payment organisation and methods

Governance Charter

Process & Methods

Project Management

Tools



 **Steering Committees**

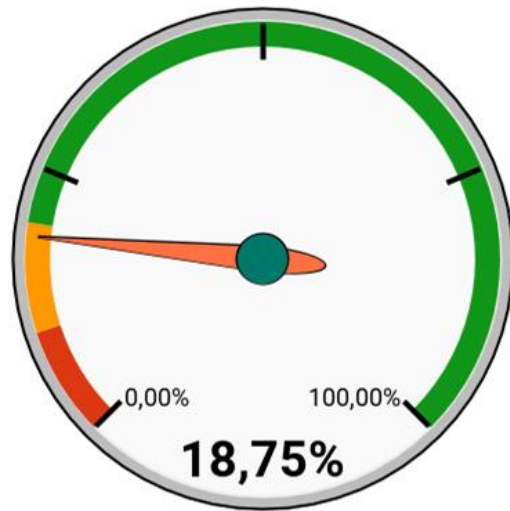
- Per Country
- Per Partner

Auchan Retail International Governance

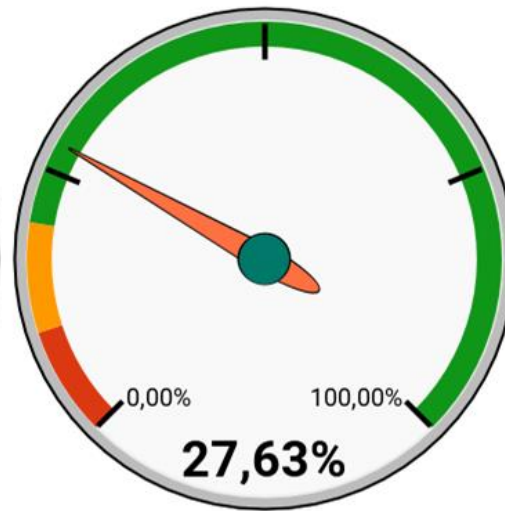


The EU deployment is continuing... Some figures to date

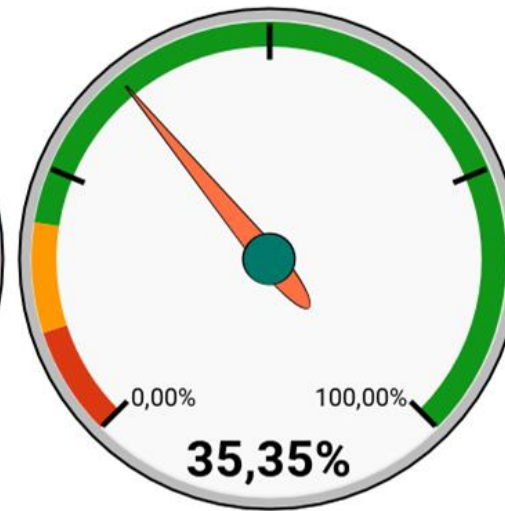
Already migrated to nexo (EU)



Countries



POS Terminals



Transactions

**Already near 200 Millions transactions a year
migrated to nexo...**

**The deployment of the Auchan
Retail Payment strategy is now
on the right track ...**

**... with great successes already
achieved, and more to come**



Thank you for your attention.

Question ?



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