

RFID Serves Up Cafeteria Food

Deploying its contactless payment system at offices, hospitals and schools, FreedomPay shortens lines at on-site dining facilities.

By Jonathan Collins

Aug. 25, 2004—With more than 200 deployments already under its belt, FreedomPay sees corporate offices, government facilities, hospitals and universities as major markets for its RFID cashless payment systems.

"People think of McDonald's as a major food service company, but the majority of feeding gets done in these closed campus environments," says Tom Durovsik, founder and president of the four-year-old FreedomPay, which is based in Wayne, Pa. FreedomPay suite of offerings use RFID readers and cards to enable payment for food consumed at these on-site dining facilities.

According to FreedomPay, as security at many corporate buildings and campuses has tightened and made it more of a hassle to leave or enter a facility, use of on-site food services has grown. However, the increased demand has often resulted in long lines at the registers. FreedomPay maintains its systems can remove those lines just by speeding the transaction time at the counter.

At the headquarters of one FreedomPay customer, telecom giant AT&T, the RFID payment system has shortened one cafeteria's checkout lines so much that only two registers are now required, instead of six. "AT&T saved having to spend \$2 million increasing the capacity of one of its cafeterias by deploying FreedomPay," says Durovsik.

According to FreedomPay, contactless payments can be made in less than a second, and the entire transaction process can be up to 60 percent faster than it would be with a cash payment. At cafeterias where it has been installed, FreedomPay's system has helped drive up sales by around 17 percent.

On average, FreedomPay says, 30 percent of a company's employees tend to sign up for the service, although in some implementations the take-up rate has been as high as 60 percent.

Privately held Freedom pay also counts Home Depot and CNBC among its corporate clients. It has also deployed systems at four hospitals operated by Nova hospital systems in Virginia and at the headquarters of the FBI and the IRS and at other government offices Virginia.

FreedomPay sees itself as a business-process outsourcing company, rather than an RFID vendor, but it takes on the responsibility for the design, deployment, operation and maintenance of its RFID-based contactless payment system.

The system works by issuing contactless payment cards to employees that subscribe and link their bank, credit or payroll account to their card using FreedomPay's Web-hosted management site. New users sign up via a Web site and are then issued a contactless RFID card that has a chip that holds and communicates a unique ID number to readers located at point-of-sales terminals. When customers wave their card within 2 inches of the

reader, payment is authorized and then the value of the purchase deducted from the linked account.

FreedomPay uses its own proprietary hardware and software designs to operate the system. The payment cards use a 13.56 MHz chip that complies with the ISO 14443B and ISO 15693 standards; the readers, however, are made to the company's specification by a number of manufacturers. Those readers connect and operate with a client's existing POS systems. FreedomPay remotely operates and manages the entire RFID network. It also processes the payment transactions, markets the system to employees, handles the enrollment of employees that sign up and can operate promotions and loyalty schemes for its customers.

The company offers plaster payment cards and key fobs but says some clients attach the contactless payment chip to existing employee ID cards. Clients don't have to buy the hardware and software for the FreedomPay system or pay for its installation, but instead can pay a monthly service fee that is determined by the size of the deployment. "The large majority of FreedomPay clients take advantage of our monthly fee structure for complete turnkey services," says Durovskik.

Once deployed, FreedomPay maintains that its systems can be extended to support other applications within the company such as processing purchases made at vending machines, providing access to parking lots and paying fares for employee shuttle buses.

RFID for cashless payments is not new but more and more companies are offering their own versions of the technology and focusing on different opportunities. In the U.S., already existing RFID-based payment services include ExxonMobil's popular Speedpass, used by customers at fuel pumps, and similar offerings by Philips 66 and Citgo. In addition, American Express has been testing its ExpressPay RFID payment product with merchants in the Phoenix area. In September 2003, Canadian startup Dexit launched its contactless payment service in its home city of Toronto (see [Dexit Turns RFID Cards into Cash](#)), and this summer Smart System Technologies (SST) announced it was deploying its PowerPay cashless RFID payment system throughout two NFL stadiums in time for the upcoming season (see [RFID Enters the Sports Arena](#)).

[RFID Journal Home](#)

Copyright ©2005 RFID Journal, Inc. All Rights Reserved