

Welcome to Radiant System's first Compliance newsletter! The goal of this newsletter is to inform and educate Radiant partners on Compliance related topics. We realize that the task of understanding and staying informed of compliance issues is challenging. We thought a newsletter would be an effective way to provide information bi-monthly, in a simple format geared to any audience. Please feel free to share your comments and questions by emailing ProdMgmt@RadiantSystems.com.

Notice: Alcoholic Beverage Surcharge in Florida Repealed

House Bill 7105 was signed into law by Governor Bush on June 9, 2006. This legislation repeals the alcoholic beverage surcharge imposed by Section 561.501, Florida Statutes. The bill outlines a two-step process in which the repeal will occur.



In the first step, the bill states that effective July 1, 2007, licensed vendors are no longer required to impose a surcharge on alcoholic beverages sold for consumption on premises. It then allows one year from that date to complete the collections of the surcharge, thus completing the repeal of Section 561.501, Florida Statutes, by July 1, 2008.

Access the following Web sites for more information:

<http://www.myflorida.com/dbpr/abt/index.shtml>

<http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=33899&>

American Express CAPN Deadline – July 31, 2008

American Express extended the CAPN (Card Acceptance Processing Network) compliance deadline to July 31, 2008, to ensure everyone has adequate time to update their point-of-sale (POS) systems to support new compliance requirements. Radiant Systems wants to remind you of the CAPN compliance deadline and bring you up to date on when you can expect Radiant Systems to release a CAPN compliant version of the Aloha POS.



What is CAPN?

CAPN is a set of card acceptance requirements established by American Express to ensure American Express transactions are processed according to new standards.

Who is impacted by the new requirements?

The new requirements impact anyone processing transactions direct to American Express, including transactions for both the authorization and settlement processes.

What are your CAPN responsibilities?

If you have a site, or support a site, that processes transactions direct to American Express, you are responsible for ensuring these sites process their American Express transactions through a compliant POS system, on or before July 31, 2008.

What happens if a site misses the CAPN compliance deadline?

Any transactions submitted after July 31, 2008 that are not in the new CAPN format, or do not include the necessary data elements, will be subject to non-compliance fees.

As your POS provider, what is Radiant Systems doing to ensure these sites can be CAPN compliant by July 31, 2008?

Radiant Systems is working diligently with American Express to make the necessary modifications in support of the CAPN compliance requirements, and is currently in the certification process with American Express.

What is the timeline for Radiant to complete the changes to the Aloha POS?

Radiant Systems is targeting to release v6.4 in Q1 2008 as a CAPN compliant version of the Aloha POS.

It's Official! Radiant Systems Inc. is the First Point-of-Sale Solution Provider to Complete the Voluntary SAS 70 Audit Engagement Process

What is SAS 70?

SAS 70, the acronym for "Statement on Auditing Standards (SAS) 70, Service Organizations," is a widely recognized auditing standard created by the American Institute of Certified Public Accountants (AICPA).



With the high demands of the information technology market, it is becoming increasingly important for service organizations or service providers to demonstrate they have sufficient controls and security measures in place to protect information technology and related service organization practices.

The SAS 70 audit signifies that Radiant Systems engaged in a comprehensive audit of their internal control activities, which in general, includes the processes and procedures in place to effectively host or process data that belongs to the customer.

What is involved in a SAS 70 audit?

An independent auditor performs either a Type I or Type II SAS 70 audit. The Type II audit, which was the type completed for Radiant, is the more stringent of the two standards. Not only does the Type II audit include the opinion of the auditor, after examining all information provided by the service organization, the Type II audit also includes testing and verification of all information submitted. The information submitted for a SAS 70 audit covers the following areas: Control Environment, Physical Security, Environmental Security, Information Security, Application Change Control, Computer Operations, and Data Communication.

At the conclusion of the audit process, the independent auditor prepares a SAS 70 Auditor's Report, which includes their opinions, and details the results of any tests applied to specific internal controls.

Why do we care about SAS 70?

Participating in the SAS 70 engagement process provides tremendous value for Radiant Systems. Without a SAS 70 Auditor's Report, we might be required to undergo several audits from our customers, as part of their own external audit process. But with a SAS 70 Auditor's Report, we can ensure our customers (and their auditors) have access to the same

information in regards to the state of our internal controls. A SAS 70 Auditor's Report is often accepted by third parties, and can be distributed and relied upon by the external and regulatory auditors of our customers, in most cases.

Why should our customers care about SAS 70?

Service organizations, such as Radiant Systems, can affect a customer's financial statement; therefore, auditors may need detailed information about those services. Without a SAS 70 Service Auditor's Report, customers are likely to incur additional costs, as they may have to send their auditors to the service organization to perform their auditing procedures.

Luckily, Radiant customers can obtain a copy of our SAS 70 Auditor's Report to provide to their auditors. The auditors will be able to review a detailed description of our internal controls, including the effectiveness of those controls. This will help the auditor greatly, as they complete the financial statement audit process for a customer.

Bibliography:

Coolidge, Scott (2007). Statement on Auditing Standards (SAS) 70 "retrieved 4/5/06 from <http://www.sas70.com/>."

American Institute of Certified Public Accountants. Service Organizations: Applying SAS 70, as Amended – AICPA Audit Guide. AICPA, 2006.

Rollison, Lenny (March 2007). Aloha Enterprise.com SAS 70 Frequently Asked Questions

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