



CASE STUDY



Charles Schwab & Co., Inc.

VeriSign® Identity Protection Services Helps A Leading Financial Services Institution Protect Client Accounts



Charles Schwab & Co., Inc.

SOLUTION SUMMARY

Charles Schwab & Co., Inc. leverages VeriSign® Identity Protection Authentication Service and VeriSign® Identity Protection Fraud Detection Service to provide an additional layer of security to help monitor and protect client accounts.

Industry

- Financial Services

Challenges

- Identifying a vendor to address evolving online security-related needs resulting from an increase in the volume and sophistication of attempts at fraudulent activities.

Solution

- VeriSign® Secure Site Pro with EV SSL Certificates
- VeriSign® Identity Protection Authentication Service
- VeriSign® Identity Protection Fraud Detection Service

Results

- Enhanced sign-on authentication of users into Schwab.com, with increased monitoring of transactional activity by VeriSign services.
- More timely alerts to potentially inappropriate or suspicious behaviors.
- Streamlining of existing fraud mitigation procedures with real-time fraud-related intervention.
- Transaction volumes can be scaled without associated increase in headcount.

Viewed by many as one of the financial service industry's most trusted establishments, San Francisco, California-headquartered Charles Schwab & Co., Inc. has always viewed security and privacy as core tenets of its business philosophy. Founded over three decades ago, the company now has more than 6.8 million client brokerage accounts, 1.1 million corporate retirement plan participants, 154,000 banking accounts and \$1.3 trillion in client assets.

The company initiated a search for technology that would enhance the security systems Schwab already had in place. Kostas Konstantinides, director of Client Web Services for Charles Schwab & Co., Inc., explained, "Early in 2006, we decided to find a vendor that was an expert in automated security solutions to help with our evolving online security-related needs. Although we had implemented many behind-the-scenes, offline processes, we thought it very important to seek real-time automated online solutions."

+ The Search Begins

Konstantinides and his team researched many basic security methodologies, such as more rigorous password requirements, and also looked at more sophisticated approaches like biometric devices, knowledge based authentication, and two-factor authentication. The Client Web Services team evaluated each solution from multiple perspectives, including cost, availability, effectiveness, ease of implementation, and client impact. Konstantinides elaborated, "It is always very important for us to remember that our core business is to serve our clients' needs. This means that every technology we choose has to perform appropriately without adversely impacting our clients' experience on Schwab.com."

Based on a set of detailed and rigorous criteria, the Schwab.com team looked at various companies that could offer a holistic solution. "Many firms could offer one product, or solve a couple of our needs," said Konstantinides, "but we wanted to identify a company that had comprehensive solutions already implemented and proven. We needed a provider that was large enough to either build or buy any missing components. Finally, we wanted a vendor that could scale with us as we grew, and as our needs evolved."

+ VeriSign's Quality and Responsiveness Shine Through

The Schwab.com team refined their original list of potential candidates and sent a request for information to the resulting short-list of providers. The team performed a thorough evaluation of each response to gain detailed insights into the nuances and subtleties of each proposed solution. Konstantinides explained how the team's thinking evolved: "Once we had familiarized ourselves with the functionality, we also threw in some other factors, such as, 'is this a company that we can work with on a long-term basis?' We quickly recognized that we wouldn't be able to buy an off-the-shelf solution and that we would be working very closely with whomever was chosen in order to create a solution tailored specifically to our needs."

“VeriSign helps us keep our online channel secure—I can’t even begin to calculate the benefit of that!”

Kostas Konstantinides
Director of Client Web Services
Charles Schwab & Co., Inc.

A couple of companies seemed on paper to be able to meet Schwab’s stringent requirements, but with the VeriSign proposal, it was felt that the people made the difference. “The VeriSign team came across as a group of people that we could work with closely, and with whom we could have a long-term, productive relationship,” Konstantinides explained. “They showed a sincere interest in what we wanted to achieve, and they were willing to listen to us. Their quality and responsiveness set them apart from the other vendors.”

He continued, “However, we didn’t select VeriSign just because it has great people. We did an in-depth analysis of the proposed technology, including perspectives of expandability, future enhancements, and product roadmaps, as well as the ability to grow. We looked for a vendor that could help us anticipate potential security vulnerabilities, and proactively propose solutions without our having to constantly ask for them—VeriSign gave us all of this.”

+ VeriSign Solutions Deliver

The Schwab relationship with VeriSign actually dates back to the earliest days of Web-based trading, with the selection of VeriSign-issued SSL Certificates, followed by the distribution of VeriSign® One Time Password Tokens to clients.

Today, Schwab utilizes VeriSign Secure Site Pro with EV SSL Certificates, which clearly identifies a Web site’s organizational identity. To complement the Extended Validation SSL certificates Schwab implemented two further proven VeriSign components, VeriSign® Identity Protection Authentication Service and VeriSign® Identity Protection Fraud Detection Service.

VeriSign Identity Protection (VIP) Authentication Service provides robust, visible security for a large variety of online commerce applications, facilitating the efficient issuance and acceptance of multiple user credentials. Ideally suited for higher value, higher risk transactions, VIP Authentication Service embraces open standards, and allows any OATH (Open AuTHentication reference architecture) compliant device to be used for authentication.

VIP Fraud Detection Service delivers proactive, behind-the-scenes protection to consumers. Using sophisticated anomaly detection technology, the service detects fraudulent logins and transactions in real time with minimal impact to the Web experience of legitimate users. The solution takes a self-adapting, intelligent approach to user authentication and fraud detection, in that the system learns to recognize unique client usage traits. Using policies and pattern recognition technology, the service highlights potentially fraudulent activities, based on deviations from such traits.

+ Together We Can Achieve Great Things

The size of the Schwab environment, coupled with high levels of complexity, had the potential to derail the project if it was not handled correctly. “We have been very pleased with how well things actually went,” Konstantinides observed. “We always had great response from our VeriSign team, and the VeriSign consultants addressed all of the inevitable challenges in a very timely manner. We were fortunate to work with some



very knowledgeable and experienced individuals from VeriSign, and we really came together as a team to achieve some major goals under aggressive timelines.” The VeriSign Identity Protection Service has facilitated the automation of significant monitoring and alert-management activities. According to Konstantinides, “The VeriSign services have streamlined user authentication and fraud-related interventions, and have helped us prevent security incidents. As all Schwab.com activity is monitored by the VeriSign solution, efficient scalability is a critical factor. The system allows us to easily scale transaction volumes without the typical associated increase in headcount.”

He summarized, “VeriSign helps us keep our online channel secure—I can’t even begin to calculate the benefit of that!”

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