



# CASE STUDY: PAYLEASE

## PROPERTY MANAGEMENT PAYMENTS SECURED

## ACHIEVING PCI LEVEL 1 COMPLIANCE

As the leading payment processor for the property management industry, specifically serving the residential, homeowner association, student housing and corporate housing markets, PayLease handles sensitive financial data every day. They provide property managers the ability to collect rent, dues, and lease payments electronically, resulting in less administrative work and improved cash flow and funding time.

Since 2003, PayLease has grown to service over 5,000 property management clients in all 50 states representing over 10 million units. Located in San Diego, CA, PayLease is one of the nation's fastest growing tech companies. They have consistently been featured in the prestigious Inc. 5000 and Deloitte Fast 500 Lists of privately held companies. They were also named as one of San Diego's "Best Places to Work."

### THE CHALLENGE

PayLease processes credit cards, Automated Clearing House (ACH), Check 21, and cash. The credit card transactions require PayLease to comply with PCI DSS, and that regulation was the primary reason PayLease began seeking a security and compliance partner. Their goal was to move from PCI DSS Level 3 compliance to Level 1 compliance.

Wade Williams, Chief Technology Officer at PayLease, explains, "PCI Level 1 compliance is first and foremost about being as safe and secure as you can be. From a business perspective it also represents a competitive advantage." Essentially, different PCI DSS levels relate to how compliance with the standards is assessed. Level 1 merchants need to be assessed by an independent



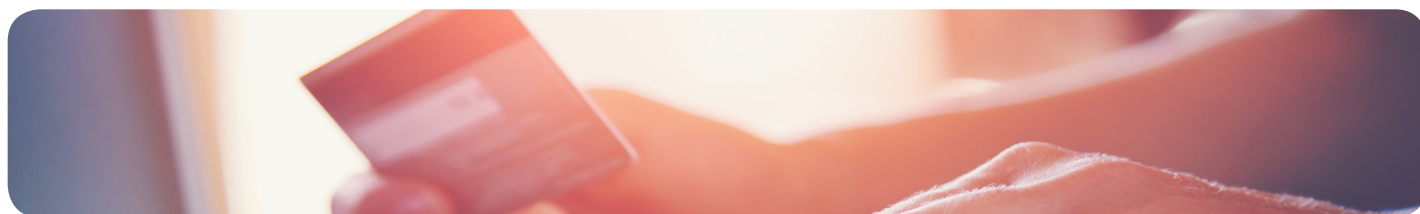
### ABOUT

In 2003, PayLease co-founders Ty Kalklosch and Yann Phung were having a round of beers when the topic of paying rent came up. For two busy professionals such as themselves, writing a rent check and dropping it off to their property manager was not something they had time for. They wanted better, more convenient options and had the drive to make it happen. The rest is history.

### SOLUTIONS

#### ALERT LOGIC® PROFESSIONAL

An integrated suite of intrusion detection, vulnerability scanning and log management for the cloud, on-premises, hosted, and hybrid infrastructures.



Qualified Security Assessor (QSA) with an annual on-site audit. By comparison, a Level 3 merchant will only have compliance assessed with the completion of an SAQ (Self-Assessment Questionnaire). These are significantly different compliance standards and customers know it.

The challenge was to find the right security solution to set the PCI DSS level 1 compliance plan in motion and to establish the best security practices year over year. Their search led them to Rackspace, a leading managed hosting provider, which provided a PCI compliant datacenter with an intrusion detection system (IDS). When they moved their infrastructure to Rackspace, it was the Rackspace team who recommended Alert Logic Professional for PayLease's security and compliance needs. Williams knew Rackspace had a clear understanding of how a QSA would scrutinize an organization in terms of how practices and standards are met.

## WHY ALERT LOGIC?

Williams engaged with a third party Qualified Security Assessor (QSA) and penetration testing organization. "I began looking at what we had in place and what we needed to put in place in terms of process and procedures. That's when Rackspace introduced and recommended Alert Logic to PayLease. We conducted a thorough evaluation of several other competing offerings before making our final decision," commented Williams. The PayLease team looked at a combination of local providers of security services. They also looked at other providers of PCI tool kits, but tool kits primarily focus around SAQ and that would never get them to where they needed to be. After evaluating three competing solutions, PayLease came back to Rackspace and Alert Logic.

Once Williams and his team talked to Alert Logic directly and gained an understanding of Alert Logic Professional, he knew it was the right fit. He noted, "The Alert Logic log management and review capability initially caught my attention, as we needed a very thorough and ongoing log management process. In addition to that, once I realized we could use Alert Logic Professional as our operational vulnerability scanning ASV solution, I promptly let our other security vendor go and we configured Alert Logic Professional to perform our vulnerability scanning. Shortly thereafter, we became PCI Level 1 compliant."

***"IF THERE IS EVER POTENTIALLY NEFARIOUS ACTIVITY, PAYLEASE GETS THAT IMMEDIATE NOTIFICATION FROM ALERT LOGIC."***

- Wade Williams, Chief Technology Officer at PayLease

## RESULTS

PayLease is now listed on the MasterCard and Visa website as PCI Level 1 compliant. "This will be our fourth year consecutively that we've been able to achieve Level 1 status, which is great. This is why we chose to partner with Alert Logic and Rackspace."

"An example of a highly valuable real world security best practice is the Alert Logic log management and review capability. Even when the PayLease team is doing the right things like logging into a production server, Alert Logic is catching it and reporting it. The user who logged in is listed and PayLease knows who executed what command." Since Wade receives all of this reporting proactively from the Alert Logic team, he has his PCI regulations covered and can avoid hiring a dedicated person to review those logs every day.

"If there is ever potentially nefarious activity, PayLease gets that immediate notification from Alert Logic," cites Williams.

PayLease also experiences significant ROI from the Rackspace partnership. Williams would have needed to hire another System administrator and a security specialist to run and manage the environment that Alert Logic and Rackspace currently manage for PayLease. Having the Rackers involved with set up, configuration, and other tasks like adding memory or disks or adding a node to the cluster is invaluable. PayLease has a small but effective system administration team who can remain focused on the core IT business activities.

"There is that ROI piece, but then there is the partnership piece that means even more in my view. When I can go to the Board and sit in front of big clients and auditors and show that I'm partnered with PCI Level 1 folks at the datacenter, it carries a lot of weight," stated Williams.

## THE FUTURE

When asked about the implementation of Alert Logic, Williams said, "Deployment of the Alert Logic solutions was quite simple and the log management and review capability, which followed, was really very straightforward. From there on, we hit PCI Level 1 and we will be doing that again next year." Regarding the total cost of ownership, Williams cited what they are paying Alert Logic and Rackspace combined on a monthly basis is far better than any alternatives they considered. Now that PayLease has the right security and compliance best practices in place with Alert Logic and Rackspace, the future is much more predictable.

When asked what advice he would give to colleagues in the financial services area regarding PCI compliance and security, Williams said, "I always recommend Alert Logic and Rackspace."