

# PayPal Woos Developers In Bid to Protect Its Turf

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EBay Inc.'s PayPal plans to unveil a new system that makes it easier for software developers to integrate the online payments system right into their programs—as the company takes new steps to protect its turf.

With the new open software, called PayPal X, users won't have to type their username and password into a separate PayPal Web site in order to complete a payment. Instead, people will be able to sign into PayPal and make purchases within a Web application, such as buying virtual weapons in a videogame.

"We're taking all of our product capabilities and making them open and that much easier for you to use," said Scott Thompson, PayPal's president.

The system, which PayPal has previously talked about, will debut at an event in San Francisco Tuesday. Companies that have been testing the new software include Twitpay Inc., a Twitter-based payment service, and ConnectionPoint Systems Inc.'s FundRazr, which allows groups to collect money and manage members on Facebook.

The move comes as PayPal faces new competition in the lucrative online payments business from Amazon.com Inc. and Facebook Inc., among others.

Last week, Amazon unveiled a new log-in process called "PayPhrase" for its payment system, in an effort to make it easier to use. Facebook recently began allowing a small group of third-party software developers, including videogame companies and a music service, to accept its online currency system.

At the same time, Google Inc. has been trying to expand uses of its Google Checkout payment service, offering it as the payment option for developers who want to sell mobile applications for its Android operating system.

Facebook has been testing two different ways for developers to sell Facebook users virtual goods, and some real goods, with

its virtual currency, known as Facebook Credits.

The social network has sold credits to its users to buy virtual gifts for their friends from Facebook, allowing them to bulk up and draw down their accounts without having to enter their credit card each time.

Facebook said only "a handful" of developers are using Facebook Credits to sell virtual goods to consumers and declined to provide more details. Some developers using the service include gaming company Zynga Inc. and GroupCard, which makes printable greeting cards.

In October, Facebook got more aggressive about expanding the virtual currency program by opening up its gift shop—the area where people can purchase items for each other—to include items from other businesses, like music company La La Media Inc. and RealGifts Inc.

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A Facebook spokeswoman said the company doesn't have "more to report in terms of timing for the next phase or when we'll expand to other developers."

PayPal executives say they believe there will be only one winner in online payments. "Consumers don't need more single-purpose accounts," said Mr. Thompson.

Sebastien de Halleux, chief operating officer of social gaming company Playfish, said he's currently testing Facebook's system because its user base of more than 300 million could help his company better reach mass-market customers, especially in those countries where people don't typically have credit cards or PayPal accounts.

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contributed to this article.