GS The Green Sheet

The Financial Services Industry Source for Education, Inspiration and Actionable Advice

Notable Quote:

My guess is that unless there's a rapid turnaround in consumer spending, the Interlink fee hike will fall by the wayside. And, eventually, I suspect, so will Interlink.

See Story on Page 19

Hallelujah, They've Seen the Light

*"**H**istorically, ISOs didn't feel we were open to working with them. It was an accurate portrayal at that time. The message now is that we have a completely different perspective and embrace the ISO model and are happy to do business with that channel."*

-- Tom Dailey, Senior Vice President, Discover Card

Tom Dailey's proclamation comes after a turbulent time during which Discover Card treated the independent selling community more like a pesky annoyance than a productive alliance – a treatment that was not well received by the ISO industry. An excerpt from a letter sent to The Green Sheet in 1998 summed it up:

"We have given Discover thousands of merchants over the years, and I ask WHAT FOR? Well, no more from this ISO. If all ISOs stopped promoting Discover, Discover might wake up to our industry."

And so it has. Clearly, Discover has been jolted out of bed and is scrambling to secure favor with independent resellers.

Why didn't it court ISOs from the beginning? When Discover hit the market in 1985, it was a new bankcard offering a new network – a network that needed structure and expansion through sales. The processing world was dominated by banks in the mid- to late '80s, and ISOs were not a mighty marketing force at that time.

So Discover set up its own direct sales force and maintained that

predatory philosophy throughout the next decade. However, like a precocious child that cannot be ignored, the ISO industry grew into a full-fledged force to be reckoned with during that time.

Bankcard companies like Amex recognized the implications and in the early '90s answered with the first ESA (External Sales Agent) Program. That program established an alliance between American Express and the ISOs that is productively enjoyed to this day. It's taken

What They Were Saying Then ...

In 1998, The Green Sheet asked ISOs to share their views about Discover. Here's a sampling of the responses:

"In my opinion, Discover has taken an adversarial position in establishing a relationship with the merchant. In the end, Discover will most likely change their way of operating their sales activity. Hopefully there will not be too much damage. If not, Discover will ultimately lose the battle with merchant signings and will continue to be disliked within the ISO industry. Come on, Discover, take a partnership approach! Hey, if Amex can tailor a program to the ISO that works and makes sense, why don't you?" (98:08:01)

"I've been in the biz for some time now and, yes, it's all true. ... Hostile attitude, steal leads, pirate merchants, need ESA program, blah, blah, blah. Nothing new here; it's been the same story for years. Yes, we ISOs are frustrated that this unfair situation exists. Obviously, our anger is directed at Discover for being the parasites that they are." (98:08:02)

"We have long considered Discover a competitor in our marketplace. For years Discover has attempted to steal our merchants and under-cut our rates in competitive situations. It is for this reason that we refuse to give out the Discover phone number to merchants interested in accepting the Discover Card (we tell the merchants we don't have the number). Additionally, we make sure our system is installed and finalized before even discussing Discover, for obvious reasons."(98:07:01)

"A few years ago, we attempted to form a working relationship with two of the local Discover reps. We had lunch with them and agreed to refer each other and swap leads. We found out that the same day we had the lunch meeting, another Discover Rep was out stealing a seven-location restaurant chain from us! That kind of said it all."(98:07:01)

"I have been disenchanted with Discover's modus operandi for several years. In recent months they have begun selling MC/Visa processing along with equipment . . . thus presenting themselves as direct competitors. I have urged all of our salespeople to negatively sell Discover whenever the prospective merchant inquires."(98:07:01)

"Maybe Discover will take notice and realize that the future of their card acceptance in the marketplace is in the hands of groups like us."(98:07:01)

a bit longer for Discover to make its move.

"We ultimately thought the ISO industry came around to a point where they provided coverage nationwide," says Dailey. "They became a very professional industry. We took a good long look and decided to starting working with those ISOs."

Discover also took a good, long look at its figures and realized that the number of merchants it needed to sign to meet sales figures could only be obtained if it opened a channel to the ISO arena.

"We support the entrepreneurial picture of ISO programs. It provides us a channel for greater coverage than we could do internally," says Dailey. "For two years running, we have had more signings through ISOs."

Dailey says Discover radically changed its business model even though it continues to have an in-house sales force with external agent sales augmentation. According to Dailey, Discover has changed its philosophy and now makes it easy for ISOs to value-add Discover to merchants. It also is encouraging ISOs to put Discover in their first offerings.

From a sales perspective, Discover believes that every ISO sells full-service solutions to merchants. It knows that merchants are not eager to negotiate with three and four different parties.

"If you get there first, you don't have to become an add-on," says Dailey. "We want to be the first part of the sale."

Discover also offers a bounty, though an exact figure wasn't quoted. According to Dailey, it is a fixed dollar amount that has variables depending upon who Discover is doing business with and the type of merchant.

Discover even has created an in-house division solely to support its new ISO partners. Its corporate headquarters is in River Woods, Ill., but Discover's back office – the brains of its ISO operation – is in Columbus, Ohio, staffed by 20 to 30 employees. This dedicated department handles all ISO channel sales issues. During extended normal business hours, more than a dozen Discover staffers respond to the special needs of independent agents.
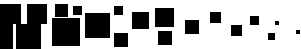
"They definitely have improved. They have come out with a nice program for ISOs."

– Bob Carr, President/CEO, Heartland Payment Systems

"We have created a department that solely supports this segment of the industry so a rapport can be created between ISOs and our internal folks," says Dailey.

But, by far, the biggest change is the turnaround time for setting up an account. Dailey says Discover's new service standard is 24 hours, adding, "We want our merchants up running as quickly as possible."

Discover is actively working on speeding up that process from 24 to a few hours – quite a change from the old and sometimes offensive two- to three-day wait period.

 Discover is also working on an initiative for all interactions to be electronic. It still does some phone, fax and Internet communication and transactional processing for account setup and reporting. Even though a merchant is signed through an ISO, a separate contract with Discover is established for each merchant.

Discover provides reporting back to ISOs in a variety of ways – some by hard copy, some by fax, some by e-mail. Discover also offers its Web site (www.Discoverbiz.com), where registered ISOs can go to implement services.

Is Discover selective in its choice of ISO-centric merchants? According to Dailey, it is relying on the ethics and honesty of its ISO pairings as well as its internal risk management division.

"We're not able to physically see each merchant the ISO brings to us," he says. "Through good underwriting and determining risk exposure, we make sure we are making the right decision."

Discover is working with more than 2,200 ISOs. They come in all sizes. "We have individuals that do great selling as well as the major players," says Dailey. "We're happy to work with anyone who meets our certification criteria."

DISCOVER
FINANCIAL SERVICES

Discover Financial Services

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847-405-0900
Web site: www.discoverbiz.com

Discover has found the ISO community to be an effective sales channel. And with that channel comes sound quality control by Discover. "ISOs are representing Discover to the merchants," Dailey says. "We do a fair amount of monitoring. We simply want to make sure that we preserve as we expand our program ... as much as practically possible. For our ISO program, the acquisition cost is better than many other channels we use. However, we don't want to expand without maintaining our quality control."

That attention to quality control while improving and enhancing its position has not gone unnoticed or unappreciated by the payment-processing community. Heartland Payment Systems President/CEO Bob Carr has followed Discover Card's metamorphosis the last few years and even wrote about it in his "Knowledge is Power" series for The Green Sheet (Issue 98:06:03).

"They definitely have improved," says Carr. "They have come out with a nice program for ISOs. It's a little late, but it's a decent program. I think Discover continues to have challenges with some of their salespeople who don't have the message that they're not supposed to steal accounts from their ISO partners. Many do have that message, and Discover has improved a great deal."

Discover also saw the need to change another aspect of its prior business plan – namely, listening to the chatter on the streets. Discover has sent and continues to send its senior officers to trade shows like ETA, where they hear what is working and what isn't.

"We feel we have responded to ISO reactions to improve the program," says Dailey. "After all, we do have a vested interest."

Especially since it is a low-cost channel for Discover Financial Services. Discover has seen the light ... and it is green.
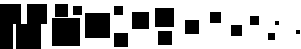
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Everyone here at GoEmerchant.com would like to offer our sincere appreciation for the recent article written about us in your publication ("E-commerce Made E-easy," 01:10:02). We are very happy to say that we have received a great many responses from this article.

Quite obviously, The Green Sheet has a wonderful audience. We are sure that the piece on our company has helped to educate the public significantly on our product and clearly explain our technologies and the benefits of using GoEmerchant.com as their e-commerce provider.

Once again, thank you. It has been a pleasure working with your organization, and happy holidays.

The staff at GoEmerchant.com

Past Perspective Accurate?

I seem to recall that American Express refused to allow the banks to touch its cards years ago and that Discover was a baby of Sears. The banks worked around it. Has this come up in the antitrust litigation?

I also would like to comment on two additional yet equally important issues:

• Cash Management: Already mentioned in The Green Sheet.
• Control: Controllers do not want employees taking blank checks out and spending money. It supercedes authorization levels set by boards of directors (for good reason).

Pat Alexander
Chicago
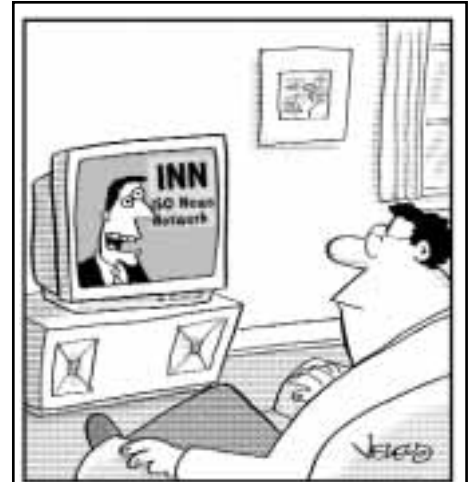
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Dear Pat:

First, your question regarding Amex and Discover antitrust litigation:

No, the issue of banks working around it has not been brought into the proceedings, and the reason is that the circumstances have changed for all of the parties. The court also would have to remember that Visa was BankAmericard, even though it is not today, just as Sears has no relationship with the Discover Card organization of today. As for Amex, both bank and non-bank acquirers have been packaging Amex with bankcards for some time, but they could not be issuers until now.

Second, regarding your comments on cash control, you couldn't be more right!

Good Selling!
Paul Green
Editor-in-Chief

Send your Questions, Comments and Feedback to us today!
6145 State Farm Drive • Rohnert Park, CA 94928 or **greensheet@greensheet.com**

Debit Demographics

I'm looking for information on debit card usage among males ages 18 to 34 and 25 to 34.
Can you point me to any statistics you might be aware of?

Mark Wolford
Universal Business Services

Dear Mark:

We do not have this data and are not aware of where to send you to find it. We suggest you try posting your query on the ISO Forum on Greensheet.com to see if any of our online readers might be of help to you.
Thanks for your question!

Good Selling,
The Green Sheet Staff

Help Wanted

I'm looking for information on back office software.

Ken Donaldson

Dear Ken:

Unfortunately, we are not able to answer your question based on the details you provided. Again, we suggest that you register online in the ISO Forum and post this query to your peers. Try to include exactly what you're hoping to find out. We have approximately 300 registered Forum users who ask and answer all kinds of questions for each other based on their own experiences as ISOs.

Good Selling,
The Green Sheet Staff

Brand New Chapter, Same Old Values

As part of a third-generation, family-owned business, Steve Elefant grew up believing that everything was done on a handshake – the old school of doing business with your word as your bond. Today, that belief still holds true for this veteran of the payment-processing industry.

Throughout his long and interesting career, Steve's philosophy has been to conduct business ethically and treat people right. Now, after taking time off for the last year to travel and fly his private plane, he's looking to apply his beliefs to a new venture.

"I'm going to take all my experience and put it to good use," he says. "I'm tired of playing with toys, like my planes. I like building companies. I've learned a lot over the years – the fundamentals of running an honest, ethical business is still the key. What was true 30 years ago is still true today."

At an early age, Steve was immersed in his family's wholesale jewelry and manufacturing business in Northern California. He was just a little kid when he started sweeping the office floors.

During high school, Steve spent his summer vacations going from department to department, learning all aspects of the company started by his grandfather. Upon graduation, Steve headed to UCLA and earned a degree in political science in 1980.

Returning to the family business, Steve continued to hone his professional skills, skills that became valuable when his folks decided to retire. But Steve made a decision to change course as well, and he started a software company.

Now, you may wonder, "jewelry to software?" But it was the smart choice for Steve. He had gained technological expertise in design and implementation of software during his many years working for his family's distribution and manufacturing business.

Having worked with systems that originally cost a half-million dollars or more to set up, Steve pioneered in hardware sales to support software. Originally, he looked at manufacturers and distributors of a variety of products and decided to start taking credit cards.

"It just seemed silly to buy a box from VeriFone for a communication function that a PC could handle," said Elefant.

But it seemed he was the only one who thought it was amusing. At the time, Steve was working with Wells Fargo. When he shared his idea of doing credit cards on personal computers, they laughed at him. Call after call, Steve was met with "no way." After more than two dozen calls, he finally found someone who said it was possible technically, but highly improbable, in part because of the company's security concerns.

Steve didn't give up. He got their specs so he could talk to their systems. He had done extensive work with other communication systems in the past, and in 1991 his tinkering led to an internal product that was not just useful but marketable. ICVerify was born.

"We reinvented the company," said Steve. "We phased out of hardware/software and phased in credit cards, completely changing our business model. Our biggest challenge was that we were inventing a new industry. No one had done it before. We were creating a paradigm shift from credit card box to PC systems."

Steve began telling the world about that new industry. He did a lot of traveling, attending trade shows and joining fledgling bankcard services organizations like Bankcard Service Association, now the ETA.

At first, vendors and financial institutions were skeptical about a completely horizontal product. It presented a different philosophy. Undaunted, Steve persevered. He met with banks, ISOs and software developers. "We had over 2,500 developers and showed them our value-added product," says Steve. "We would help them with integration, and they would become our eyes and ears on the streets."

Always adding functionality, Steve was careful not to step on the toes of ICVerify's partners. "Our partners were the POS specialists. We wanted to become their specialists for the bank card industry," he said. Under Steve's leadership, ICVerify added debit, ATM and check guarantee.

Processors started taking advantage of the functionality of ICVerify's product. The banks' response was positive, but the terminal manufacturers weren't so warm and fuzzy toward Steve's new concepts. "Our value proposition was so much more compelling than theirs," he said, "and it was so easy to sell."

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Steve said that once ISOs understood the technology, they got excited about it, and ICVerify was in a class by itself. "Our competition didn't arise for a number of years," said Elefant. "We really were creating the industry in such a big marketplace that we would rarely run into any competition." It was certain to change.

By 1995, Steve realized that even though ICVerify was the market leader of an immature market, to maintain that leadership he had to ensure his company kept a big piece of the expanding pie. Steve started researching venture-capital avenues and secured $5 million in his first round and an additional $5 million in the second round, an amazing feat considering that venture capital money rarely went into the payment-processing arena.

"We maintained our leadership through the funding and grew substantially from 12 to 125 people in all departments, including research and development, engineering and sales," he said.

Business was great for Steve's software development/technology company, which provided alternative payment-processing solutions. Sales were in the black, and the company was headed toward an IPO.

Unfortunately, the market took a downturn. Rather than going on another venture capital search, Steve joined forces with another industry visionary, Bill Melton. Melton's company, CyberCash, complemented ICVerify with great technology, great people and a whole bunch of money in a public marketplace.

For Steve, it was like taking the rocket into outer space. The $75 million merger in 1998 turned into a $350 million company. Steve became Vice Chairman of CyberCash, which was headquartered in Virginia. With Steve's invaluable input, CyberCash ultimately rolled out products to more than 250,000 customers in 21 countries, translated into a half-dozen languages, and European headquarters were set up in Germany.

There was one problem for Steve: taking the rocket into outer space meant taking the airplanes across the country. He spent long hours commuting from his home in California and decided it wasn't for him.

"I didn't want to live on an airplane," he said. "It was a good time for me to take some time off."

Steve left CyberCash, but not before befriending a fellow board member, Steve Kahn. The two executives forged a partnership, and with Kahn's venture capital and Elefant's acumen, a new company was created. This time it was in the online auction world, and it was called Price Radar.

As Executive Vice President in charge of sales, service and business development, Steve brought to the job years of experience in dealing with thousands of retailers in a myriad of industries. From restaurants and hotels to amusement and entertainment, Steve was privy to all of the major retail industries that used credit cards, from mom-and-pop stores to giant hotel chains.

Price Radar's original vision was a consumer site – a blue book for Internet users to know not just where things were but, most important, what they were worth. Steve's software secured data from the big three – eBay, Yahoo and Amazon. Steve and his partners had developed a proprietary software that sifted through the auctions and broke down data into more than a million categories from the hundreds in existence.

Price Radar partnered with the big three sites as the dot.com revolution continued to change the playing field. Steve geared his company toward change as well.

"We changed our business model from a consumer to a merchant model," he said. "We took technology and modernized it to make sense for companies wanting to sell stuff."

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Sharper Image was one of the first companies to take advantage of Price Radar's complex system. Reader's Digest followed suit. Vendors were charged a flat fee for software. Price Radar actually ran auctions and provided completed orders with their data numbers to merchants.

"We created a gravy business for merchants, a new channel for them to sell their merchandise," Steve said.

That business continued to be well received as Steve expanded the staff to 60 employees. Ever aware of the need for capital, Steve championed funding for Price Radar and raised $10 million in angel investors.

From its start in '99, Price Radar matured to acquisition by eBay in 2001. "We wanted to take Price Radar to the next step, but the stock market wouldn't support it," said

Elefant. "eBay made us an offer not to be refused."

So Steve Elefant, successful entrepreneur, noted business leader and veteran of the payment-processing and software/technology industry, finds himself once again at a crossroads. After his time off, Steve's inner battery is recharged, and he's ready to get back into the game with a new team.

"I'm looking for the next great opportunity," he said. "I'd like to find something where I can help an existing team on the verge of breaking out and becoming the next superstar company."

Where is he actively looking? Steve still likes the payment-processing world a lot, with his more than 10 years in that industry coupled with more than 20 years in technology. He sees the market heating up.

"The government is putting in money, and the Internet is a reliable industry," he said. "I see it taking off again."

However, Steve does acknowledge that the payment-processing industry is somewhat dependent upon the general economy. "It will become more and more profitable as the economy picks up, and I want to take the next step," he said.

Steve has invested in several VC firms. He continues to look at a lot of deals and start-ups, though a pure start-up is not his first choice because he knows the market won't support it at the moment.

His favorite pick would be an organization in its intermediate stage with secured VC money and at least $10 to 20 million in sales. A company ready to blast off … with Steve in the commander's chair.

Steve has learned he needs to move quickly, act quickly to take advantage of opportunities. According to Steve, the old rule of doing a lot of analysis and months of strategy doesn't work anymore. His formula involves raising the money, building the team and getting out the product to take advantage of the market. His business philosophy today is a combination of the old and the new school.

"You can't sacrifice quality for speed," he said. "But you need to be speedy. Lose the paralysis of analysis."

He doesn't see doing it alone, though. Having enjoyed incredible teams of really smart people, Steve believes that working with a good staff is highly rewarding.

"Working with people who are operating on all cylinders, it's fun," he said. "That's why I want to get back in – to make and have fun. One of the byproducts of our recent downturn is that there are so many great people out there. It's easy for me now to put together a great team. There are a lot of super people out there today, and I'm eager to connect with them."

Steve is eager to bring in not just the right people but smart VC money and put it to work efficiently and effectively, whether in payment processing or a related technology space.
"Technology is still sorting itself out, like smart cards," he said. "Biometric technology is very interesting as well. Internet security also is another area that is moving ahead."

Steve also sees the whole retail POS market becoming more and more sophisticated. If he can put together the right team with the right product, he knows he'll have a home-court advantage -- an advantage that he envisions will finally take him to an IPO, an experience he has yet to enjoy.

He raised over $20 million dollars in venture capital equity financing and completed a successful $75 million merger with CyberCash. He forged strategic partnerships with American Express, Intel, Visa International, IBM, JDA, First Data Corp. and others. He currently serves on several technology-company boards of directors and advisory boards and is a limited partner in several venture capital firms. But he has never been part of an initial public offering.

For any savvy and selective company looking to throw a party on Wall Street, send Steve Elefant an invitation at steve@theelefants.com. 🄶🅂

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The Green Sheet is teaming with payments consultancies Martaus & Associates and The Takoma Group to offer the online Payments Learning Center.

This unique new learning center will have a range of courses that support payment systems professionals throughout their careers. Courses will feature fundamentals, for newcomers and seasoned professionals in need of a quick refresher, as well as detailed analyses of technologies and other instruments of change in the payments business.

The course developers – Paul Martaus, President of Martaus & Associates, and Patti Murphy, president of The Takoma Group – are two of the industry's most knowledgeable experts. Combined, Paul and Patti have worked for more than 50 years in the payments arena as bankers, consultants, researchers, commentators, teachers and journalists. Each is a frequent speaker at industry events, and Patti's columns on payments issues are a regular feature of The Green Sheet.

"Keeping up with the changes in this business is an awesome task," Martaus said. "The Payments Learning Center, in addition to being a professional development tool, is intended to help payments professionals keep up with these changes and the consequences for their businesses."

In addition to these two world-class consultants, other top industry experts will be enlisted to develop additional course content in response to demand. The first course to be placed online at the Payments Learning Center is titled, "Evolving ePayment Technologies and Services." The course provides a detailed examination of leading-edge payment technologies.

Courses can be accessed directly at www.paymentlearning.greensheet.com and through links at The Green Sheet Online (www.greensheet.com), Martaus & Associates (www.martausandassociates.com) and the Takoma Group (www.takomagroup.com). A nominal fee will be charged for each course.

Green Sheet subscribers are encouraged to share with us any ideas they may have for additional course offerings at the Payments Learning Center. Please send your course ideas and feedback to Paul Martaus at paul@martaus.com.

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The Visa/MasterCard Ruling

Uncertain Future Could Spell Interlink Breakup

By Patricia A. Murphy

American Express Co. scored a coup when a federal judge ruled that Visa and MasterCard must abolish rules that prohibit banks from issuing non-bank card products, such as Amex and Discover cards. Then came the earnings report: Amex revenues were down 60% in the third quarter relative to third quarter 2000.

That Amex lost money isn't surprising, really. With the economy showing signs of a slowdown in summer, it would not have taken much to affect a company like Amex, with its focus on travel and entertainment. The events of 9/11 were more than enough. Amex card billings were down 3% for the quarter despite being up in both July and August by about 2% over previous months, according to published reports.

The company also reports that it took a $98 million direct hit as a result of the destruction of the World Trade Center buildings – including business interruption costs (Amex offices were across the street from the WTC and had to be moved to contingency sites), credit exposures in the travel industry service establishments, insurance claims, and waived finance charges and late fees.

Amex says it is hunkering down and trying to weather the economic and social storms that define the day. Oh, and then there is the opportunity – presented by a federal district court judge last month – to woo banks to the Amex card fold.

The court ruling, handed down in U.S. District Court for the Southern District of New York, was a victory (of sorts) for Amex but a blow to the U.S. Department of Justice, which had filed an antitrust suit over Visa and MasterCard rules that allow banks to issue both card brands. Although the court ruled the card "duality" is not anti-competitive, the bankcard associations were out of line when they adopted exclusionary rules to keep banks from issuing Amex, Discover and other general-purpose cards.

In her written decision, Judge Barbara Jones specifically cited debit cards as a reason why Amex should be allowed to issue payment cards through banks.

"The evidence demonstrated that the future of credit card products will be built on, and dependent upon, debit functionality," Jones wrote.

Visa and MasterCard are developing multi-function cards – like online/offline debit cards – that pivot on the demand deposit account (DDA) relationship, Jones noted. "Credit cards that do not have debit functionality will fall by the wayside," she wrote.

There's been much speculation since the ruling about which banks might join an Amex card-issuing network. Amex officials will say only that they are in "conversations with a number of banks."

It can only be speculation at this point because Visa and MasterCard are expected to appeal the decision. That could delay any dismantling of the associations' exclusionary rules by at least another two years.

Since we're in the realm of speculation, though, I asked Paul Martaus, President of Martaus & Associates, Mountain Home, Ark., to offer up an opinion. Paul's take on the ruling: If the bank card associations have to open their issuing networks to competition from Amex, then Amex should have to open its authorization/processing network to bank card acquirers.

"I'm talking about allowing acquirers direct access to the closed authorization network that has been a stalwart of Amex," he said. "Turnabout is fair play."

It's an interesting concept to ponder. Today, merchant acquiring is a closed loop in the Amex system. Bankcard acquirers and their sales agents can receive a bounty for merchant referrals, but only Amex can authorize and acquire Amex card transactions. The relationship with the merchant is exclusive to Amex.

Interchange does not exist.

Nothing in the district court's ruling addresses the acquiring side of the equation. But in today's litigious society, it wouldn't be surprising if someone raised the argument in this or another court. The new fee opportunities alone are too great to ignore.

That is, unless you consider Amex's third-quarter revenues and you believe the country is headed for a long-term recession that will severely crimp travel and entertainment spending.

If that happens, debit functionality for payment cards will become even more important.

Visa, obviously, understands this. That's why Visa has been putting so much energy into promoting "check cards." Check cards look like credit cards and act like credit cards, except that transactions result in debits to

DDAs rather than extensions of credit.

Merchants aren't too happy about accepting these offline debit cards. Merchant fees for check card purchases are the same as they are for credit cards even though the risks are substantially different.

So a group of merchants (led by Wal-Mart) has sued Visa and MasterCard, challenging the associations' "honor all cards" rules. Those rules require that a merchant accepting Visa credit cards, for example, also accept all Visa-brand card products.

That suit, which has been in limbo for the past year, may be ready to move. Last month, an appeals court in New York rejected Visa and MasterCard arguments that the retailers' suit did not qualify for class-action status.

Meanwhile, Visa is backing down on

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Visa may not want to anger merchants anymore than it already has by forcing merchants to take offline debit cards and pay the same fees they pay for credit card transactions. ...In a deteriorating economy, it doesn't seem wise to be irking customers.

its plan to hike the interchange rate on its Interlink debit card network. Interlink is an online debit card that competes with the regional ATM/POS networks, such as Honor and NYCE. (NYCE, you may recall, recently was acquired by First Data Corp.; Honor was acquired, too, by Concord EFS.)

Fees for Interlink transactions were set to rise by more than 100% in October. What had been, on average, a 20-cent transaction was to cost as much as 45 cents, according to sources. Visa has put the fee hike on hold, citing "deteriorating economic conditions."

The economy might have something to do with Visa's

decision. If Amex charge volume is down, credit card transactions run through the banking system must be waning, too.

As Jones noted in her decision, debit functionality is about to become critically important in the payments card business. Visa may not want to anger merchants anymore than it already has by forcing merchants to take offline debit cards and pay the same fees they pay for credit card transactions. Wal-Mart and a handful of others already have made clear their intentions not to accept Interlink cards if the planned price hike takes hold.

In a deteriorating economy, it doesn't seem wise to be irking customers.

Visa said it still plans to impose the price hike sometime next March. My guess is that unless there's a rapid turnaround in consumer spending, the Interlink fee hike will fall by the wayside. And, eventually, I suspect, so will Interlink. GS

STAR Interchange Fee Increase to Come in Stages

Concord EFS, which operates three large ATM/POS networks under the STAR brand name, will implement changes in its planned interchange pricing structure in stages, the company announced.

In a move to create uniformity among its networks, STAR will put in place the previously announced POS interchange fee increases in two stages: Phase One, effective Jan. 1, 2002, will leave POS interchange fees at the current STAR network rates for all three networks, which includes STAR, MAC and Cash Station. In Phase Two, effective March 1, 2002, interchange rates will increase network-wide.

"With recent developments in the PIN-secured debit industry, we felt that we needed to step back and assess market conditions before moving ahead with an across-the-board increase," said STAR President Ronald V. Congemi. "The STAR network is committed to providing a consistent, uniform and balanced interchange pricing structure, and we believe that this phased approach achieves uniformity on our original schedule while continuing to effectively balance the interests of financial institutions and retail participants."

As the use of offline debit cards, or check cards, gains in popularity among consumers, costs to merchants are inching up across the board. Following Visa Interlink's interchange fee increase, Concord announced new STAR interchange fees, which are expected to top out at 34 cents per transaction for most merchants; grocers and supermarkets will pay a flat fee of 19 cents per transaction. Interlink raised its fee for each debit card transaction from 20 to 45 cents, with fees for grocers set at 22 cents.

On Oct. 13, Wal-Mart announced it will no longer accept Visa Interlink-serviced debit cards because of the 125 percent increase in transaction fees recently put in place. While Wal-Mart handles more than 350 million PIN-based debit transactions each year, less than 10 percent of its total debit card business is handled by Interlink. Retailers say the fee increases will result in higher prices for goods. The largest beneficiaries of the increases in interchange fees will be the banks that issue debit cards to consumers.
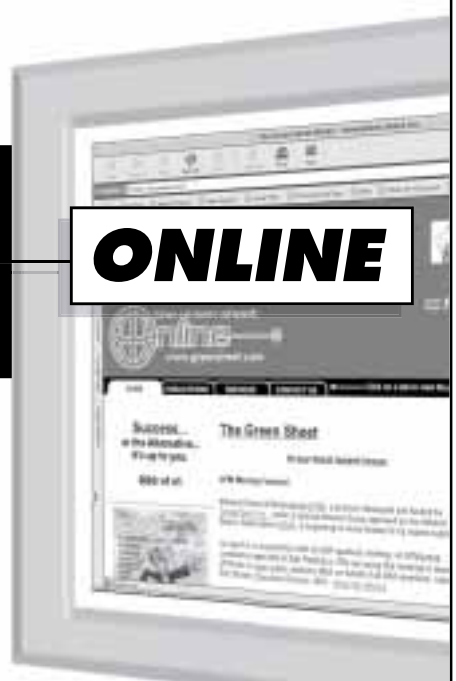
Customers will give you a lot of credit

for accepting charge cards out here.
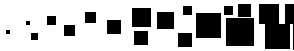
Companies on the move are making it easy for their customers to pay anywhere. And they're using the MagIC 9000 Mobitex from SchlumbergerSema. The Mobitex wireless link supports fast online payments wherever customers are—at home, in taxis, at sporting events, even on the highway. The MagIC 9000 Mobitex checks and processes all card transactions, from traditional credit and debit cards to sophisticated smart cards. Its open platform supports multiple applications with built-in firewall protection. SchlumbergerSema offers a complete range of POS terminals, including RF, IR, portable, stationary and PC-connected units—and the MagIC Management System Solution. To learn more about where a MagIC POS terminal can take your business, call SchlumbergerSema at 800.732.6868, ext. 202 or visit us at www.slb.com.

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Thales e-Transactions Names Fred Silverman President/CEO

Thales e-Transactions Inc. has a new President and CEO. Fred Silverman was named to the position on Oct. 15, and he will head the Atlanta-based provider of POS transaction equipment, a division of The Thales Group.

Silverman's career spans three decades in the financial services and information systems industries. His background includes more than 10 years at CitiGroup where he served in key positions on teams developing a national credit card business, helping to create a worldwide revolution in retail banking.

Silverman's experience also includes innovative work in e-commerce. As one of the founders of CyberCash Inc., the Internet payments pioneer, he contributed to the development of patent-pending technology for debit card processing and developed key relationships with companies like AOL. Most recently, he served as CEO for KeepMore Inc., an Internet start-up.

"I'm honored to be given the opportunity to lead a part of The Thales Group. Thales e-Transactions in North America has the virtues of a great market position, talented and motivated people, and a healthy parent, both able and demanding," Silverman said. "I expect to be kept on my toes, but that will be just one more element to help us grow faster."

The Thales Group is one of the world's largest technology companies, employing more than 65,000 people in countries around the globe, with aerospace, defense and IT&S divisions.

Silverman served as an officer in the U.S. Army's 1st Special Forces Group in Asia. He has a degree in economics and psychology and did graduate work in marketing and financial management.

He lectures regularly on the Internet's impact on society and financial services for the FDIC, and he trains bank examiners. He lives in Bethesda, Md., with his wife and two teen-age children, and is active in civic groups and boards. ⬛

BofA, Thales Team Up for Wireless Solution

Bank of America has introduced its Merchant Services Wireless Solution, which includes a wireless payment terminal and access to an inter-carrier network. The handheld device offers businesses of all sizes an innovative and flexible way to accept and process credit card transactions.

"The Bank of America Merchant Services Wireless Solution takes credit card payments directly to the customer at the point-of-sale," said Bette Wasserman, Senior Vice President, Bank of America Merchant Services. "With one call, this full-service product gives users a mobile answer to the challenge of receiving credit card payments in the field within seconds, ensures the transactions are secure and cuts down on expenses."

Fred Silverman, President and CEO, Thales e-Transactions, said, "The processing terminal fits easily in the palm of the hand and is ready to go wherever card transactions are made. Now anyone can become a mobile merchant and accept all major credit cards accurately, rapidly and safely."

The Merchant Services Wireless Solutions is ready to use right out of the box. It comes preprogrammed with user-friendly software that guides merchants through the transaction process. Manufactured by Thales e-Transactions, the Artema handheld device is lightweight and battery-operated. An integrated thermal printer for receipts operates easily, and the included base unit doubles as a base for performing dialup downloads and as a battery-recharging station.

The Wireless Solution accesses US Wireless Data's inter-carrier network, eliminating the merchant's need to set up a separate account with an additional fee. Because the network covers 90% of U.S. metropolitan areas, users also can roam nationwide at no extra charge.

The system offers users the option of performing transactions offline when they are not in a coverage area. Transaction data can be stored in the terminal and forwarded later when the user is back in a coverage area, avoiding the higher rates for manually entered account numbers.

For more information, visit their Web sites at www.bofa.com or www.thales-e-transactions.com. ⬛
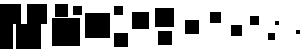
How Many Zeroes in One Trillion?

One trillion dollars in Fedwire transfers. Three billion dollars in wire transfers processed daily on behalf of more than 100 U.S. financial institutions. Two million electronic checks (e-checks) and one million Fedwires handled annually.

These are impressive figures, but it took BankServ of San Francisco only five years to reach these milestones in electronic payments processing. Since its start-up in September 1996, BankServ has become one of the nation's leading providers of Federal Reserve Wire Network (Fedwire) and Automated Clearing House (ACH) electronic payments processing for financial services companies and businesses. BankServ began with two employees and now has a staff of 45, placing it among San Francisco's 100 largest employers.

In five years, BankServ has accumulated other impressive business statistics. Five of the most profitable banks in the U.S. use BankServ electronic payments products. It has become the only non-bank company with coast-to-coast Fedwire access. BankServ customers operate in 11 of 12 Federal Reserve Districts in the country. One-quarter of the nation's 12 Federal Home Loan banks have adopted BankServ's GFX system to provide their automated wire services.

According to BankServ president David F. Kvederis, the company's growth can be attributed to several factors, including the development of cost-reducing products, implementation of state-of-the-art ACH payments software and the recent economic downturn. BankServ has survived where most dot-com payments processing companies have

not. Also, said Kvederis, now that the economy has stumbled, businesses are finding that outsourcing their funds-transfer activities makes sense.

"BankServ can eliminate the need for entire wire transfer computer departments, the need to handle and move paper checks, and we can turnkey a bank's entire wire funds transfer business through our GFXN (Global Funds Transfer Network) product," Kvederis said. "In some cases, where a bank is unwilling to give up its investment in hardware, we can still reduce their costs by offering funds transfer software."

BankServ recently introduced "Just-In-Time Payments" service for consumers. With JIT Payments, businesses create, clear, settle and reconcile eChecks, whether the eChecks and transactions originate over the phone or Internet.

COMPANY PROFILE ◀◀

TransFirst LLC

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E-mail: thannum@transfirst.net

Company address:
5151 Arapahoe Avenue
Boulder, CO 80303
Phone: 303-417-0000
Fax: 303-417-1020
Web site: www.transfirst.net

ISO benefits:
• Complete line of credit card processing solutions geared to ISOs.
• Exceptional flexibility.
• Settles its own transactions, so it performs like a bank.
• Web Trak information system provides fast and efficient service.
• Relationship manager assigned to each reseller.
• Fast turnaround time of less than 24 hours.

Gassed Up and Ready to Go

With more than $100 million in venture-capital money and plenty of processing services to complement any ISO program, there's a service provider in the marketplace that has the pedal to the metal for unique and flexible credit card processing solutions.

Back in 1994, a small group of senior executives that had been a part of Bank of Boulder's bankcard processing division made a decision to break away with the hope of funding a start-up in the bankcard processing industry with particular focus on community banks.

TransFirst (formerly ACS Merchant Services) was founded in 1995 and successfully launched an agent program, largely because of those execs' expertise and understanding of the banking mentality and customer point of view.

TransFirst began processing in the second quarter of 1995. By 1996, the company had tripled its volume and signed its 50th agent bank. From the beginning, TransFirst strove to be a leading provider of merchant bankcard processing and related payment products to community banks and merchants throughout the United States.

In July 2000, TransFirst received a commitment of more than $100 million from GTCR Golder Rauner LLC, a private equity-investment firm and long-term strategic partner. The recapitalization of TransFirst centered not only on cementing its position as one of the industry leaders in acquiring strategic partners to complement sales growth but also to expand its commitment to the ISO community.

That commitment includes offering quality point-of-sale (POS) processing, clearing and settlement products and services directly to independent sales organizations. TransFirst provides:

• Dial terminal and PC software applications.
• Address Verification Service (AVS).
• Corporate and purchasing card processing.
• Integrated point of sale ATM debit card and EBT processing.
• E-commerce solutions (bankcard and electronic check processing) for Internet merchants.
• Check verification and check truncation processing services.
• Audio Response Unit (ARU) transaction processing via telephone.
• Wireless bankcard equipment and software solutions.
• LAN solutions allowing multiple terminals to use a single phone line for card processing.
• Leased-line solutions for merchants with high on-line transaction volumes.
• High-speed dial phone line solutions for processing high volumes of authorizations.
• Batch processing solutions that process up to 250,000 transactions per file.

These services are provided for merchants in all areas of business. TransFirst tailors processing solu-

tions for any specific business type, including retail, restaurants, hotels, car rental, mail/phone order, B2B and Internet/e-commerce.

TransFirst provides processing for all major credit cards (Visa, MasterCard, American Express, Discover, Diners, and JCB) as well as a variety of electronic terminals, printers and PIN pads that can support all business types. TransFirst also works with ISOs to set up third-party software and hardware packages to facilitate all of their merchant transactions.

With its core competency in serving the community bank niche of bankcard processing marketplace, TransFirst is able to offer a full line of products and services that have exceptional flexibility.

"The key to our success is our flexibility," says TransFirst President Rusty Schaeffer. "At the same time, we don't intend to be a product-development company. We don't

> "Web Trak is a heck of a product, a tool for us to use in appealing to ISOs selling on our behalf. What clearly makes the difference is the speed and accuracy with which we provide information and service."
>
> — Rusty Schaeffer
> President, TransFirst

have an interest (in being) the first kids on the block with a brand new technology. We are not a product-proving ground."

TransFirst settles its own transactions, maintaining full control and responsibility. TransFirst is a non-banking entity but performs as though it is a bank, doing all its own charge backs and retrievals.

"We move the money ourselves," says Schaeffer. "We take full liability across the board. We like being able to drive our own bus."

TransFirst also offers a superior Web-based information system for all of its customers, whether they be ISOs, merchants or agent banks. That proprietary system is called Web Trak, provided in a password-protected environment and capable of holding data for a year.

"Web Trak is a heck of a product, a tool for us to use in appealing to ISOs selling on our behalf," says Schaeffer. "What clearly makes the difference is the speed and accuracy with which we provide information and service."

What TransFirst hopes will appeal to ISOs is that, relative to price, Web Trak frees up ISOs to provide much needed information to merchants in a timely and stress-free manner, thus ensuring customer loyalty and retention. "We believe that value is important," says Schaeffer. "We appreciate folks selling on our behalf who do business the same way we do."

TransFirst is working with 20 ISOs, 400 banks and more than 40,000 merchants and is determined to increase those figures considerably. Competing with the usual list of suspects, TransFirst works from a number of different playing fields. It is actively looking to acquire companies, targeting community banks and aggressively seeking ISOs and ISAs to resell their products.

TransFirst recognizes that its growth depends on generated sales at a healthy pace. Because bankcard processing is a sales-consolidating industry, TransFirst knows that to stay competitive it must acquire portfolios as well as sales-generating companies. Its key strategy is to complement its internally generated sales with community banks as well as downstream ISOs and ISAs.

TransFirst's target market is ISOs and banks servicing small to midsize merchants.

In addition to the comprehensive suite of products,

TransFirst believes its 24/7 customer support also will make a difference for those entities looking to join up with a solid service provider.

Both ISOs and agent banks are resellers, and each one has a relationship manager, someone who deals specifically with them. This is part of TransFirst's strong support system at its reseller level.

"ISOs can make one phone call into our office and know their relationship manager will take the call," says Schaeffer. "We will seek out the solutions and not make them have to go all over the company."

And with TransFirst's internal-tracking capabilities incorporated in Web Trak, exceptional help for customer support is automatically built in for ISOs on a Web-based level as well.

Again, because TransFirst owns, operates and controls this system as well as an in-house risk management division, it believes it delivers supe-

rior customer service on many levels.

For more large-scale things such as back-end accounting and authorization networks, TransFirst finds a comfortable and efficient reliability with outsourcing these services. Its turnaround time is within 24 hours for an MID, setting up merchant accounts for ISOs that same day in most instances.

TransFirst has two levels of credit analysis for merchant accounts – gold and silver. Gold is for those rock solid, let's go type of accounts. Silver requires a bit more approval time.

"We want to give resellers a second option if the merchant is going to be iffy on approval," says Schaeffer. "They can move the account over to our silver program and get a much better chance of approval." Obviously, there are differences in rates and requirements for these two separate distinctions.

TransFirst has invested heavily in a strong management team. When TransFirst opened its doors six years ago, two employees were on the payroll. Today, that number is 120, headed by Chairman/CEO Thomas Rouse. Not a member of the original management team, Rouse joined TransFirst later and, as a true strategist, is leading TransFirst on a path of increased growth and revenue.

What does this all mean for the ISO community? The good news for ISOs is that TransFirst is in a serious acquisition mode.

"As a private company, we have significant advantages to offer, including the fact that the capital market dried up after we got our funding," says Schaeffer. "We are wide open for acquisitions. No set market, no money parameters. Just be in the ISO industry. That's how picky we are!"

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$ Merchants donate electronically

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Organizations can track which merchants donated

Merchant statements

Merchants can track their new customers

Consumer statements

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Total
Donation Earned   14.48 USD

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3. We send your nonprofit 100 percent of your donations.

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Any nonprofit can participate.

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Q. Can this work with my existing customers or credit card processor?
A. Yes, we rent or sell smart card terminals and we sell and process only smart cards.

Q. What are the costs to charities and merchants?
A. We will process all the donation transactions costlessly for merchants and any approved nonprofit to promote your smart card services to merchants (gift, loyalty, stored value, others). See our brochure "Is Your ISO Smart?".

Q. Who sells the cards?
A. ISOs, fundraising consultants, merchants and local businesses can sell or "sponsor" a nonprofit using the CSCP programs. Attach it to any fundraising event and the cards keep giving and giving.

Q. Is this tax deductible?
A. See your tax advisor. All checks and merchant donations are payable to a California nonprofit corporation and 100% of donations are distributed monthly.

Q. Who decides the amount of donation?
A. The merchant can elect a standard gift percentage or can adjust the donation on each transaction. Any consumer can negotiate any discount with any merchant and donate any portion to their card. Call us - we are available 24 hours a day, seven days a week.

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LOW RISK RETAIL

	CMS			Competition		
	CMS 1-9	CMS10-19	CMS 20+	Program A	Program B	Program C
Buy Rate	1.49	1.49	1.49	1.4966	1.4966	1.49
Trans Fee	0.099	0.095	0.089	0.10	0.16	0.25
Application Fee	0	0	0	0	0	0
Statement Fee	$5.45	$4.95	$4.95	$5.50	$7.50	$7.50
Minimum		$0 100% above $10			$0 100% above $10	
Mid Qual		.40% of 1.20%	.45% of 1.20%	1.69% + .10	.30% of 1.39%	
Non Qual		.40% of 1.50%	.40% of 1.50%	1.69% + .10	.30% of 1.39%	
Debit	0.24	0.23	0.22	0.28	0.25	0.30
Amex	$25	$25	$25	$25	$25	$25
	24 times*	25 times*	26 times*			
	*Residual buyback per agent agreement					

MOTO - E-COMMERCE

	CMS			Competition		
	CMS 1-9	CMS10-19	CMS 20+	Program A	Program B	Program C
Buy Rate	1.99	1.99	1.99	2.25	2.25	2.29
Trans Fee	0.19	0.18	0.17	0.30	0.30	0.30
Application Fee	0	0	0	0	0	$25
Statement Fee	$5.45	$4.95	$4.95	$3.50 of 12	$3.50 of $12	$10
Minimum		$25 100% above $15			$25 100% above $15	$25
Non Qual		.40% of 1.50%	.40% of 1.50%	.15% of 1.39%	.30% of 1.39%	
Amex	$25	$25	$25	$25	$25	$25
	24 times*	25 times*	26 times*			
	*Residual buyback per agent agreement					

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Wireless Solutions
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Guaranteed Lease
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CMS	Other		CMS	Other		CMS
0.0288	.0295	$49 =	$1,701	vs $1,661 =		$40 more + No 1st & last
0.0314	.0315	$49 =	$1,560	vs $1,555 =		$5 more + No 1st & last
0.0394	.0399	$49 =	$1,243	vs $1,228 =		$15 more + No 1st & last

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COMPANY PROFILE ◄ ◄ ◄

RichSolutions Inc.

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E-mail: billp@richsolutions.com

Company address:
20428 NE 66th Court
Redmond, WA 98053
Phone: 425-836-4251
Fax: 425-868-0774
Web site: www.richsolutions.com

ISO benefits:
• Integrated e-payment solutions that work on any device.
• "I've built this business around one thing – helping ISOs make more money."
• True value-added process gives ISOs a way to differentiate themselves from competition.
• Integrated solutions speed up merchants' operations but also lock customers into ISOs services.
• Sold exclusively through ISOs.
• Turns software from a product into a service and made it easy for ISOs to lease.

Making ISOs Rich

What do you do when over the course of the last decade you've successfully written software that is used extensively throughout the payment-processing industry, then founded (and subsequently sold) a very successful payment-processing company that set industry standards? Go to Disneyland?

The Green Sheet asked Bill Pittman, an MBA engineer and seasoned veteran of the financial services software trenches. His response: "I asked myself, 'If you could do it differently, what would you do?' Well, this is what I've done: I've taken all my experience and understanding of how the payment-processing industry works, combined with my understanding of technology, and started a new business – RichSolutions."

Based in Redmond, Wash., RichSolutions has quickly become a leading provider of innovative e-payment Web services for processing credit, debit/ATM card and check services. RichSolutions develops integrated e-payment solutions that work on any device, anytime and anyplace.

RichSolutions technology is an alternative to the stand-alone, single-function bank terminals many businesses use to process payments, and it provides a full suite of e-payment Web services that can be integrated into electronic commerce environments or retail point-of-sale systems. Because of Pittman's background, RichSolutions has established long-standing relationships with banks and institutions that support electronic payment transactions.

Pittman learned the payments business by writing POS software years ago and integrating payments into his POS applications. He has brought that ability to understand payments as well as the technology side together to create a business that incorporates those strengths in the ISO channel. Pittman recognized that not every ISO understands both pieces, and he believes the key is integration.

"I've built this business around one thing – helping ISOs make more money," Pittman says. "The way I see the current market is that ISOs are in an extremely vulnerable position – their offering is becoming commoditized where their products are undifferentiated. Their margins are being squeezed, and they are losing customers to churn. These are the issues I've tried to address with my new business model."

Pittman believes the future is in integrated solutions, solutions in the form of Web services that tie together business processes. RichSolutions functions on the premise that these new Web services will improve merchants' operations by speeding up transaction times, eliminating double entry and the errors associated with these processes. These services will allow ISOs to grow their market, differentiate themselves, generate new revenue streams so they can make more money off each customer and, most important, enhance mechant retention.

As Pittman sees it, this approach is

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hardware or
system
maintenance

EFTSecure

Customized
Functionality

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• Virtual Check
• Recurring ACH
• Shopping Cart
• Reporting &
• E-mail

Remotely Manage
Variable Merchant
Risk and Fraud in
Real-Time

Your own *private label* gateway built to your specification! EFTSecure offers many features to differentiate your services.

The Network 1 Financial Story

No one made a system that securely exchanged financial transaction data over the Internet that was flexible or risk oriented enough to suit our business needs – so we developed the EFTSecure payment gateway. As an MSP (merchant service provider) and acquirer we are responsible for merchant risk and have to see the big picture view of merchant activity quickly and make decisions accordingly. To easily manage merchant account status (including processing levels and services, fraud parameters, sales limits, user access, card types, batch methods, and much more) all the elements had to be housed in one interface. We also wanted to sell our own product with our branding – not someone else's. We figured you'd want that too, so EFTSecure is completely brandable – it will look and feel just like your website.

We also had to give our merchants a tool that was easy to use (less training and customer support time means more sales time). Our virtual terminal incorporates all our merchant services – bankcard – virtual checking – recurring payments – consumer authentication - shopping cart – account management – product management – AVS and CVV2 – tax and shipping options – branded merchant banners – all centrally located to make shopping cart and website integration a breeze.

truly a win-win situation. The merchants win because they have an integrated solution that increases their operational efficiencies, and the ISOs win because they have a true value-added offering that locks the customer into their services.

As a result, the merchant can't easily change the business process to save a penny a transaction. Integration gives ISOs ability to go after bigger businesses because it's no longer economical to have a two-step process. Big players have it all integrated and it allows for more transactions, locking merchants into their service. Pittman believes it's time for all ISOs to have that advantage.

So how does RichSolutions work? Pittman took everything he learned over the years and engineered out all the problems while enhancing the benefits that software offers. He built a platform that uses server-based technology for the dynamic components (processor certifications and setup) and inter-business processes (integration) that utilize a thin client technology. This approach enables RichSolutions to deliver platform-independent, feature-rich applications faster and at less cost.

RichSolutions strives to achieve client-side portability while reducing certification time, cost, help desk complexity and simplifying deployment. As for security, RichSolutions sports a fully redundant system with multiple layers, using SSL for security and two firewalls running on separate platforms.

All the activation and setup is easily done by the ISO over the Web using a browser. There are no downloads and it is simple, easy to do and takes only a few minutes. This eliminates the merchant from having to know all the setup information, which has been a major problem with software. Once the account is set up, an e-mail is automatically sent to the merchant with the login information. It is a thin client implementation, so all the merchant needs to know is the login information to administrate the account and get reports with a browser.

The solution uses the Internet for communication (no modem issues), so transactions are fast even when sending large blocks of data-like receipts. The merchant then can interface RichSolutions from its new PC application, RichPayments for Windows, its virtual terminal, browser-based solution (a new low-cost, open-platform network computer solution called the PaymentApplicance), from new terminals like Ingenico's eN-Touch 3000, wireless via palm pilots and cell phones – whatever the ISO's choice of selling tool may be.

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RichSolutions can process credit cards, debit cards (online) and check services, having already certified its platform with two major processors – NOVA and Vital for retail, restaurant, mail order/telephone order (MOTO) and e-commerce. RichSolutions intends to add others as demand warrants. RichSolutions supports card present, card not present, ECI, CVV2, Commercial Card level II, recurring, etc.

RichSolutions' first value-added service offering was electronic signature and receipt capture service (ERC). The ERC service creates a paperless system that securely stores and retrieves electronic receipts on demand, virtually eliminating bank chargebacks and the need for merchants to store and manually retrieve paper receipts.

RichSolutions sees this as a good example of a value-added service that ISOs can use to grow their market, differentiate themselves and

generate new revenue streams while enhancing customer retention.

RichSolutions plans to continue to develop product and services for where it believes things are going to be tomorrow. "The Internet is not going away. The value it brings is still there," says Pittman.

What might be the best part of RichSolutions is the fact that it sells its services exclusively through ISOs, so there is no channel conflict. RichSolutions doesn't even have retail prices.

"The ISO is our customer, and that is who we bill for our services," says Pittman. "The ISO in turn can resell those services for whatever the market will bear."

In addition, RichSolutions provides all of its enabling technology at no extra cost. Again, ISOs can resell the product for whatever they want for immediate profits. RichSolutions

bills the ISO a low monthly service fee for access to services – an ISO AOL, if you will, with the ISO able to put the service fee on the merchant's monthly statement. Fees are negotiable, relatively low and adjust in relation to number of solutions requested.

"We bill using a subscription model versus a transaction model," says Pittman. "There are some caps to keep things reasonable, but for the most part, we have designed it with the average small and mid-size merchant market in mind to meet their special needs. By giving away a lot of our client-side solutions, we are heavily incenting them! We have tried to make it so that ISOs can make as much selling software as they can hardware."

Pittman adds, "The thing you've got to do is keep it simple. File issues, modem issues, set-up issues – all complicate the solution. I've engineered all this out so the ISO gets a

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thin client implementation. We have turned software from a product into a service and provided an easy way for ISOs to lease it, something they previously could not easily do."

RichSolutions also provides free enabling technology, including a Software Development Kit (SDK) to help Independent Software Developers (ISVs) integrate payments into their point-of-sale and/or shopping cart solutions.

The merchant service industry is made up of thousands of ISOs who sell merchant services, i.e., the ability to process credit, debit and check services.

The Channel Partner Program brings together these two organizations, thus making each aware of the other's products and services so that they can sell and/or refer leads to each other, resulting in new income opportunities, expanded markets and

the ability to differentiate themselves.

Benefits to the Channel Partner Program include a free Software Developer Kit (SDK), free Web and PC solutions that partners can resell, and free training and technical support – all providing for expanded markets, cross-selling and upselling other partners' products and services.

RichSolutions also has developer partners it works with, such as software developers writing retail POS programs, e-commerce solutions, kiosk applications, etc. The channel partnership program has brought together the merchant services industry with software developers.

The benefit is that an ISO who signs up to become a RichSolutions partner gets immediate access to these development partners, thus providing leverages sales and cross-selling

opportunities.

"Now an ISO can refer a merchant to a point-of-sale development partner, offering the merchant a much more sophisticated solution knowing that they will still get all the transaction business," Pittman says. "Once again its a win-win-win."

RichSolutions' commitment extends to training – it can send qualified personnel to educate the ISO both technically and supportively. RichSolutions is working with at least a half-dozen ISOs, and the response has been overwhelmingly positive. ISOs can sign up today for RichSolutions' products and sell them tomorrow for whatever their market will bear.

In Pittman's words, "Their destiny is in their own hands!" ISOs looking to change their destiny should visit www.richsolutions.com.

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TelStar

ISO contact:
Alan Silverstein, Co-Founder
800-383-7853
alanss@bigplanet.com

Company address:
126 Carriage Way
Forked River, NJ 08731
Phone: 800-290-1581 or
800-383-7853
Fax: 443-267-0080
www.theleadgenerators.com

ISO benefits:
• Provides merchant leads and an effective marketing system to help maximize the leads.
• Easy setup, and leads can be received five days after payment.
• Can develop as many leads as needed.
• Strong background in industry.
• Can recommend e-commerce solution providers.

A New Lead on New Leads

With so many merchant account doors getting closed in ISO faces lately, it's comforting to know there's one company out there that's working to open those same doors in unprecedented numbers. As a lead generator for the ISO community, TelStar has found a formidable niche in putting independent sales agents together with merchants who are searching for payment-processing solutions.

TelStar was founded in 1997 by two seasoned ISO professionals, Alan Silverstein and Dave Bynum. "Merchants were moving toward selling on Web sites, even the small guy, the local businessman starting to sell online," Silverstein says. "They needed a way to collect their money. They needed e-commerce payment solutions. We saw this happening."

TelStar's core competency as a marketing and sales company, combined with the principals' expertise in virtual selling, makes it unique in its ability to coordinate potential sales across the board. Like most ISOs, Alan and Dave liked fieldwork but, recognizing the untapped market in click and not just brick, got involved with network marketing and started buying leads from different Internet sources.

The quality of those initial leads was poor, often resulting in expended energy as opposed to sales. The lead data were inconclusive, lacking in merchant information critical to successful selling.

Learning how to develop their own leads through e-mails, search engines and the like, these two resellers took their business to the next level. They stopped processing the leads as accounts and started offering them to ISOs to transform them into viable accounts.

TelStar started contacting ISOs, the majority of whom were street soldiers and not necessarily proficient in understanding and evaluating the cost effectiveness of setting up new accounts via electronic communication, i.e., telephone, e-mail, Web sites, etc. Accustomed to working in a more hands-on, face-to-face environment, many ISOs were not comfortable in a virtual sales reality.

TelStar realized it also needed to educate and support ISOs while broadening their selling opportunities. Not only does TelStar provide leads; it also provides an effective marketing system to help maximize the leads. A manual even comes with TelStar's service and can be easily downloaded from its Web site.

What exactly is that service and how does it work? Say there's an ISO who has an interest in receiving merchant account leads. The ISO hooks up with TelStar, paying a variable per-lead fee – quantity buys dictate the actual cost. The setup is simple with no special password or software necessary.

Leads are delivered by Microsoft Excel format e-mails. Data includes merchant name, address, phone number, e-mail, best times to reach

and, very important, specific comments on account needs. Five days from the date the payment clears, that ISO will start receiving exclusive leads.

Why five days? Because all TelStar leads are freshly developed from companies reading TelStar's ads and sending in a request – merchants looking to accept credit cards or go to the next level of Internet sales. TelStar places ads in all marketing avenues available, search engines included. All markets are targeted, both business-to-business and consumer-to-business.

"Without a lead, there is no business," says Silverstein. "We knew how the normal guy was doing leads – direct mail, etc. We want to multiply the numbers because the numbers game works. We sold 40 accounts in one month – impossible for any field ISOs. It's like hitting the lottery by working with us. We can get you at least three leads a week that can turn into $10,000 a month in residuals." Of course, that figure depends on the closing ability of the ISO. "If you're not a closer, you're in the wrong business," says Silverstein.

Another interesting point Silverstein makes is the fact that everyone has a beautiful personality on the phone. Physical looks and body language don't enter into TelStar's equation.

Consider the scenario that TelStar offers. Take any talented independent sales organization. If one agent took 100 leads and closed 20 sales, those 20 sales could generate $100 up front in net profit. Now those 20 sales start generating residuals – say, $20 each – translating into $400 in monthly residuals.

If that one agent kept on doing this for a year – 20 sales a month – it could very well generate $55,000 to $60,000 in one year for that one agent. And if an ISO has a talented sales team, the company could generate millions. Heady stuff. All it takes is commitment, the funds to purchase leads and, of course, a lead generator like TelStar.

What seems to set TelStar apart from other lead generators is its understanding of the ins and outs of selling payment-processing solutions.

"We really do know the industry," says Silverstein. "Like any other type of business, someone inside that has been in the trenches understands what the soldiers need ... and we've been in the trenches."

In the merchant lead industry, TelStar is poised to become a deciding factor for many ISOs. It's working with 11 ISOs, providing leads on a national level with plans on developing more localized leads in the near future. And those 11 ISOs are

singing the praises of TelStar.

According to Silverstein, "One ISO told us they sold four out of their first eight leads. Another said our lead quality is outstanding, having closed seven deals out of 18. Another said they've never had a stronger lead in the merchant processing business."

Because of this success, TelStar is looking to expand its ISO base in a big way, welcoming as many as want to come aboard and guaranteeing satisfaction. "We can develop as many leads as needed, anywhere from 3,000 to 5,000 leads per week," says Silverstein.

In addition to viable leads, TelStar also recommends a number of e-commerce solution companies that can support those leads with effective e-commerce products and services. TelStar has spent the last 3 1/2 years researching companies that can support its ISOs – qualified providers of everything from equipment to shipping and deployment services to a place to put an Internet account and other Web-based services.

"We researched and found a number of companies that give the best and most efficient services at fair and competitive prices," says Silverstein. "It's all part of our commitment to helping ISOs grow."

Virtually headquartered in New Jersey and Arizona, TelStar is comprised of its two co-founders (whose combined business experience spans more than 50 years), a Webmaster, a marketing consultant and various affiliates. TelStar generates leads for ISOs not only because the need is great but also partly because of Silverstein's wish to share his profitable experience with others. It's a company dedicated to the ISO community.

"We're their family doctor," says Silverstein. "We will keep them healthy and alive – and not just one. We're helping many."

One final thought: Some ISOs might not be comfortable with such a radical change in securing accounts. While it might represent a major shift from the old way of thinking and doing business, consider looking at TelStar as not changing the meeting but rather just moving it.

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Reach Out and Touch

What do you get when a leading ID authentication software developer teams up with a leading provider of electronic payment terminals? You get touch screen identification verification capability.

The Logix Cos. and Hypercom Corp. have introduced IDLogix, a positive ID verification software solution for use on Hypercom's ICE terminals. IDLogix instantaneously displays highly precise encoded information about an individual's physical characteristics and description details based on information stored on driver's license magnetic stripes and barcodes.

It is ideal for airport ticket counters, bus and train stations, rental car companies and other sites where fast and highly accurate verification of an individual's identity is essential.

The IDLogix application was developed by The Logix Cos. It can support identification and/or age verification using Hypercom's Visual HDT (VHDT) C++-based developer's software platform and Hypercom's ICE card payment terminals.

Hypercom's Epic (ePOS-infocommerce) ICE devices are compact, high-performance, touch screen-based, Web-enabled terminals. They incorporate physical security features and Hypercom's TranSafe operating system, which integrates a firewall-protected, multi-applications functionality along with EMV chip card capability, a secure PIN pad, built-in HTML/HTTP Web browser and integrated receipt printer.

In addition to the secure payment applications, Hypercom's ICE terminals support a range of value-added applications and services, including electronic signature and receipt capture, e-mail, on-screen advertising, interactive electronic coupons and cash-management reporting through a standard browser -- as well as secure credit, debit and smart card functions.

"Now, you can accurately verify someone's identity by simply swiping the person's magnetic-stripe driver's license, or scanning the license's 2-D bar code onto a com-

pact ICE card terminal equipped with IDLogix -- and also conduct traditional credit/debit, check, EBT and loyalty card transactions if desired," says Scott Bahneman, Senior Vice President of Business Development for The Logix Cos. "Up until now it has been too easy to create and pass off false ID or use someone else's ID. With IDLogix, we have now embarked on the introduction of a series of technologies that will prevent this."

Through the use of Hypercom's secure graphic touch screen terminals, the Logix software enables the display of identification-related information that is read from encoded magnetic stripes and secure 2-D barcodes found on most currently issued drivers' licenses and other ID cards.

"This capability allows positive verification of the authenticity of an ID document and allows you to match the ID data and description to the person presenting the docu-

ment," said O.B. Rawls IV, senior vice president and general manger, Hypercom USA/Canada. "Combined with secure electronic payments, and especially rapidly emerging smart cards, this new capability will create a highly secure, fraud-resistant payment and ID environment. Applications include car rental, airport check-ins or ticket purchases, age verification and other identification and access functions.

"We think these capabilities, when combined with other advanced ICE functions such as electronic signature capture, have enormous and very positive potential that can help boost security and eliminate fraud in a number of areas."

Headquartered in Phoenix, Hypercom is independently acknowledged as one of the leading providers of point-of-sale card payment terminals worldwide. Demand for Hypercom's terminals surpassed 1 million units last year alone.

Hypercom maintains an installed base of more than 4 million terminals in more than 100 countries where 10 billion transactions are conducted annually. For more information, visit www.hypercom.com.
The Logix Cos. (www.logixco.com) is an information processor specializing in integrating identity-authentication technology, customer and prospect data processing,

and merchant financial processing services to the public and private sector.

Getting Buddy-Buddy with ISO Businesses

Canada is home to many notable players in the payment-processing arena. One in particular, Ernex Marketing Technologies, has recently introduced a partner program that is committed to promoting referrals and creating value-added opportunities for POS and terminal vendors; providing marketing and direct mail agencies with the ability to offer flexible, easily-adaptable, real-time marketing offerings; and accelerating customer loyalty and retention capabilities across all channel partners. Now that's a mouthful!

Ernex's goal is to bring value to merchants by allowing them to better understand and reward their customers, to proactively foster loyalty and retention, and it has translated into a unique approach: It allows merchants to easily configure powerful marketing campaigns for loyalty members in real time at the point-of-sale.

In support of that ambitious goal, the Ernex EMP Program is now available. Such major players as IVI Checkmate, rPower, Moneris Solutions and Cognos already have signed up. Here's how it breaks down:

The program is available to two types of partners, Channel Partners and Business Partners. The Channel Partners include POS partners, such as terminal vendors and POS companies, and Marketing Partners, such as direct mail companies, marketing agencies and marketing service providers.

Ernex provides its POS partners with value-added services, such as Ernex Real-Time Points (loyalty program) and Ernex E-Gift (stored value gift cards). Ernex's Marketing Partners become Ernex-certified to showcase the value-added services that complement their more traditional efforts.

The Business Partner aspect of the program includes Processor Partners, such as transaction processor networks, and Technology Partners, such as hardware and software vendors and suppliers. By providing value-added electronic marketing solutions to Processor Partners like Moneris Solutions, Ernex intends to help these partners leverage their existing connectivity and networks into merchant points-of-sale.

The program intends to aggressively meet the merchant demand for electronic marketing solutions. For its Technology Partners like Cognos, Ernex's program will extend its strong, informal partnerships with suppliers and provide mutually beneficial associations with dynamic companies around Ernex's unique value proposition.

"Technology and point-of-sale vendor partners working with us through our new Ernex Marketing Partnership (EMP) program can help their card-issuer clients increase usage and customer loyalty through Ernex's innovative real-time marketing solutions," said James Christensen, President and CEO of Ernex Marketing Technologies.

"Our loyalty solutions give financial services institutions the ability to create cost-effective, coalition-style loyalty programs with merchants, thereby creating a groundswell of customer loyalty that leads to repeat sales and usage to not only the merchant but also the card issuer.

"Ernex's partners value our unique capabilities because we allow their clients to track loyalty points and other marketing programs in real time, and to create flexible, value-added promotions at the point-of-sale, helping to accelerate customer loyalty and retention capabilities."

MagIC 9000 Gets Thumbs-Up from Global Payments

Global Payments Inc. has certified SchlumbergerSema's MagIC 9000 point-of-sale (POS) terminal. The state-of-the-art terminal is completely compatible for wired and wireless credit and debit card payment transactions in conjunction with Global Payment System's advanced software applications.

With the new certification, the versatile and multi-application MagIC 9000 terminal can serve as a stand-alone payment terminal as well as be used in conjunction with Global Payment's NET- terminal software.

The MagIC 9000 also can be integrated with third-party software for use in general retail and hospitality industry applications, such as Global Payment System's NET-Pad. The MagIC 9000 has the additional ability to house gift certificate and loyalty applications for service providers.

Terminals Ordered to Accommodate Euro

Thousands of Intellect Indoor Payment Terminals have been ordered by Europay to meet the increasing demand for systems able to accommodate the changeover to the new European currency, the Euro. The introduction of the single currency is expected to cause problems for all banks, merchants and consumers throughout Europe when the changeover is implemented on Jan. 1, 2002. Businesses and consumers alike will have to cope with new prices, new price tags, new coins and new banknotes, as well as dealing with unfamiliar exchange rates.

To simplify the changeover, Europay, which represents all Austrian banks and is responsible for issuing Eurocards/MasterCards in Austria, is encouraging all customers to pay with electronic cash.

Businesses need to install smart card-enabled systems, resulting in the soaring demand for multi-application payment terminals. Intellect's systems allow a combination of payment functions, including loyalty and smart card-based applications. Europay's order for the Intellect equipment totals $20 million.

Intellect's main offices are in Belgium, Australia and the UK. Its products are sold in 30 countries around the world, including Europe, Indonesia, Malaysia, Singapore, Brazil, Canada and the U.S.
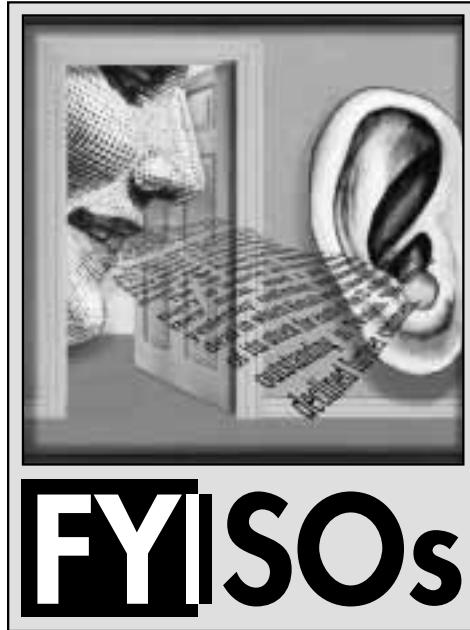
Fleet v. Advanta Trial Opens

The civil trial between FleetBoston Financial Corp. and Advanta Corp. began Nov. 13, 2001 in Wilmington, Del. Fleet alleges that the $12.1 billion it paid to acquire Advanta's consumer credit card business in a tax-free deal in February 1998 was inflated.

Jack Jacobs, Vice Chancellor of the Delaware Court of Chancery, said in a ruling last month that Fleet had indeed overpaid but that a trial was necessary to determine by how much. Advanta denies the charges and has filed a countersuit against Fleet.

Fleet is alleging that Advanta exaggerated its customer base in the hope of impressing potential buyers of the business when it began to shop the company in 1997. Charges against Advanta include miscoding consumers' introductory interest rates, which cost Fleet $8 million to repay, and solicitation of Fleet employees.

Advanta is seeking damages from Fleet on counterclaims of breach of fiduciary duty, breach of contract and interference with customer relations. According to Advanta, Fleet improperly held back money it owed to Advanta and incorrectly notified 200,000 Advanta customers that they had become Fleet customers. The trial was expected to last into December.

Give Yourself an End-Of-Year Bonus

Who wouldn't like $500 this time of year? Electronic Clearing House Inc (ECHO) is offering agents who submit new business by Dec. 15 chances to win the "ECHO-splosion" Contest Drawing. The selected winner will receive $500, a nice way to round out the year.

The contest will help get the word out about ECHO's integrated payment services. You have three chances to win with each new merchant account submitted. If a merchant opens a credit card account and signs up for ECHO's new MerchantAmerica.com service, you get two drawing entries. If the merchant also buys a check service account, you get a third entry.

ECHO's program offers agents a complete range of services, including complete integrated payment services that pay ongoing residuals. ECHO provides debit and credit card processing; check guarantee, verification, conversion, re-presentment, collection and inventory tracking to more

than 60,000 merchants and U-Haul dealers nationwide.

For further contest details, call ECHO National Sales Director Steve Smith at 1-800-804-4203 or go to www.echo-inc.com.

CrossCheck Signs with Skechers

CrossCheck, Inc. has signed an agreement to provide its check guarantee services to Skechers USA. Based in Manhattan Beach, Calif., Skechers designs, develops and markets lifestyle footware for men, women and children. The company sells its products in company-owned retail locations as well as in more than 100 countries and territories around the world.

Acquisitions

Fifth Third Bank's Midwest Payment Systems (MPS) announced the acquisition of the remaining 51 percent of **Universal Companies** (USB), a privately held, fully integrated payment and e-commerce processor based in Milwaukee, Wis. Fifth Third Bank purchased 49 percent of USB's outstanding and common stock earlier this year, with the option to acquire the remainder at a later date.

Madison Capital, a lease financing company, has acquired **PowerNet**, an equipment-leasing brokerage firm supporting independent sales professionals across the country. The alliance will combine PowerNet's customer base and brokering capabilities with Madison Capital's range of services and experience to expand equipment-leasing and financing options for clients.

Alliances

First American Payment Systems LLP and **Accelerated Card Company Inc.** have entered into a three-year credit card processing agreement. The partnership will combine First American's full-service electronic credit card authorization, check verification, payment systems and equipment divisions with Accelerated Card's experience in business-to-business transactions and in writing and servicing large-volume merchant accounts.

US Bancorp Equipment Finance (USBEF) signed a contract with **eCredit.com** for software and services to automate lease approvals across its network of direct and indirect sales channels. The move to the new system will help standardize USBEF's growing small and midsize equipment-leasing operations. The eCredit system provides flexible document imaging, accounting, data processing and credit scoring capabilities.

CyberSource Corp. and **Arcot Systems Inc.** have signed a strategic agreement to integrate their products and services to provide businesses selling online a more comprehensive solution to improve the online payer authentication process using Verified by Visa. CyberSource provides risk management and electronic payment solutions, and Arcot Systems provides solutions for securing e-business.

Vital Merchant Services has signed a multiyear agreement with **Certegy Check Services Inc.** for full POS equipment management and support for its merchant customers. As part of the agreement, Vital will be the single-source provider of terminal management and help desk services for all of Certegy's existing and new merchants. Certegy provides check risk management, authorization and loss prevention and credit card processing services to retailers, supermarkets, e-commerce, gaming and check cashing establishments worldwide.

MasterCard International has become the 55th member of **GlobalPlatform**, the cross-industry organization dedicated to developing, managing and promoting associated aspects of multiple-application smart cards around the world. MasterCard joins GlobalPlatform's existing membership roster of smart card issuers, vendors, industry groups, public entities and tech companies. GlobalPlatform was formed in 1999 to create a common

infrastructure to simplify and reduce expenses involved in establishing the use of multiapplication smart cards.

CardPlus has entered into a three-year, $500,000 source code license agreement with **Greenland Corp.'s Check Central Solutions**-Network transaction processing software. CardPlus now has direct access to and a specific license for both the previous and current versions of the Check Central Solutions source code and back-office operating systems. CardPlus is a single provider of electronic payment processing services, equipment and customer support, offering comprehensive POS services. Greenland is an information technology holding company.

Paymentech has given certification to **APRIVA Inc.** for its full line of point-of-sale readers and its POS system. With the Paymentech certification, APRIVA's network can be used across the country to process its customers' credit card transactions. APRIVA provides wireless network infrastructure as well as software and hardware for mobile applications. Paymentech provides electronic payment services in POS transaction processing; last year the company processed approximately 3.4 billion transactions.

Promotions and Appointments

Sterling Payment Technologies Inc. named **Jan Hacker** as

Vice President of Client Services for its Tampa, Fla.-based electronic payments operations center. Hacker will oversee sales support services for Sterling's national network of independent sales offices and manage customer service operations for merchants across the country. Previously, Hacker served as Senior Director of Client Relations at Paymentech for 12 years. Sterling Payment Technologies processes credit, debit, smart and EBT cards as well as electronic checks for merchants.

Concord EFS announced two additions to its electronic commerce service provider staff. **Roy Bricker** and **Peter M. Hamel** will join the Web Payment Services team in Tempe, Ariz. Bricker's responsibilities will include developing business alliances that provide payment acceptance solutions. Hamel will manage the enhanced data program, including designing applications. Bricker was previously with CMGI, developing person-to-person Internet payments systems, and also served as senior director with MasterCard International's Smart Cards Product Group. Hamel was division president for Ebill and Vice President and General Manager for Global Payments Inc. and Modular Data Inc., where he was involved in research and development of the credit card industry's first MasterCard and Visa purchasing card product. ▣

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INSPIRATION ◄ ◄ ◄

Quick Rejections ...

There isn't an ISO out there who hasn't heard the phrase, "I'm not interested." How you respond to that statement is the difference between a sale and a polite send off.

Because it's human nature to resist change, most merchants appear happy with the way they currently do business. As an independent sales agent, your job is to make them realize that they'd be happier choosing change, and it's not as scary as they might think.

When a merchant says, "Our current service is fine," do you walk away? Of course not! But the merchant does have a point. Why would they change over to your service if they're satisfied with their current system?

The answer is simple. Your service will WOW them rather than just meet their basic needs. Consider the following responses the next time you come up against disinterest. You'll quickly become irresistible!

• "Great. I'm glad to hear you're satisfied with your service. Maybe you weren't aware of all we offer. Let me tell you about our benefits and you'll see how you can go from satisfied to ecstatic."

• "I'm glad to hear you make good decisions. Perhaps you didn't know about us when you decided to go with Company X. That may have been the best choice for you at that time, but now you can get ..."

• "OK, but you and I both know that business is tough. Your competitors are always at your back. To thrive, not just survive, your service has to be exemplary. That's where we excel – in providing the best, not just adequate, service. We want you to be thrilled with your service, not just satisfied."

• "What do you like the best about your current service? Well, let me show you how we can expand on that and give you the best possible service. Don't you want more than just the status quo?"

• "I understand what you're saying. You don't want to go through the effort, time and stress usually associated with change. I can offer you a way to improve your business without wasting time or resources so you can start enjoying not only increased revenue but also more time for a personal life."

• "Did you work with a different company before your current provider? Why did you change? Were you happy that you did? Well, you can become even happier!"

... And Overcoming Objections

Do you know any product that is absolutely, positively perfect? Is there even one salesperson out there whose presentation is flawless? Obviously, there are issues, no matter how slight or substantial, with sales techniques and services – and they can pop up during the course of any presentation.
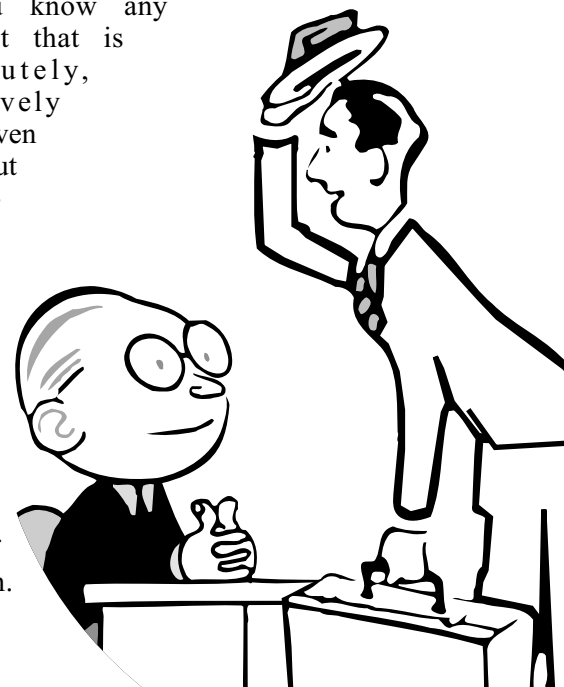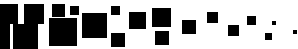
DATEBOOK

EC2002: Practical Solutions for Treasury and Finance

Highlights: As a treasury or finance professional, one of your most important goals is to build, maintain and enhance the most healthy and efficient funds flow infrastructure for your organization. With the rapidly changing face of electronic commerce, the practices to obtain the goals of yesterday don't always match the strategies needed for today. Sponsored by NACHA, The Electronic Payments Association, and AFP, The Association for Financial Professionals, EC2002 is once-a-year opportunity that will help you enhance your financial and business processes and solve your treasury and finance e-challenges. Get "how to" solutions from experienced treasury, finance and electronic payments reps from leading corporations, financial institutions, solutions providers and government.
When: Jan. 13-16, 2002
Where: New Orleans Marriott, New Orleans
Registration Fees: NACHA and AFP members: by Jan. 9, $925; after Jan. 9, $1,025; for groups of three or more, $837 and $887. Non-members: by Jan. 9, $1,125; after Jan. 9, $1,225; for groups of three or more, $1,018 and $1,068. Additional workshop members: $95; Non-members: $145.
How To Sign Up: Online at www.nacha.org. Phone 800-487-9180 or 703-561-1100. Fax 703-713-1641. Mail NACHA, P.O. Box 64193, Baltimore, MD 21264.

SUPERnet 2002

Highlights: Provides a complete view of broadband infrastructure and applications. SUPERnet is focused on the needs of emerging and established service providers and enterprise professionals in delivering IP-based services over the evolving broadband network. It is a cost-effective way for your company to assemble essential information about broadband options.
When: Jan. 21-24, 2002.
Where: Santa Clara Convention Center, Santa Clara, Calif.
Registration Fee: $1,395 for one TecForum or a One-Day Communications Forum, $1,695 for a Two-Day Communications Forum or a Two-Day Forum reserved for senior-level attendance, $2,395 for Two-Day Communications Forums and one TecForum, and $2,995 for Two TecForums and the Two-Day Communications Forum.
How To Sign Up: Phone 312-559-4600, fax 312-559-4111 or visit www.icc.org.

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The successful sales agent can transform those apparent problems by letting the prospect "show" how to solve them.

Ever get anxious about a potential customer asking about high prices, deployment time, extensive training, etc. before you even sit down to talk? Rather than second-guess and stress out about what your prospect will say, take a deep breath and follow these guidelines:

• **Set Yourself Up**. Alleviate your biggest fear by allowing your merchant to voice his or her fears first. By letting your prospect begin, you can respond with calm, concise answers to objections. Ask your prospect if he or she has a problem with anything. They'll usually say "yes." Your response: "Great, let's talk about it. You go first!"

• **Read the Signs**. Look for the stiffening of their shoulders. Listen for the hesitation in their voice. And if you're really perceptive, you'll pick up on their eyebrow activity.

• **Speak Out**. Address a sticky issue that has your closing stalled in second gear. Rather than sweat under the stress of waiting for your prospect to lower the boom, bring attention to it before they do. That 800-pound gorilla needs to be fed.

• **Elaborate**. Always thank your prospect for mentioning any concerns, then ask them to get down and dirty. Present open-ended questions to expose the real issue that's keeping them from a handshake. Don't be afraid to hear it.

• **Leave Your Comfort Zone**. While most salespeople are at ease talking about their products, services and such, it is the savvy sales agent who walks out of that zone and into the merchant's space. Get each prospect to detail the business, its capabilities and its customer market to you. That knowledge becomes your power.

• **Be Ready To Move On**. Your time is valuable, and so is your reputation. Save face and finances by recognizing the signs of a sale that never will materialize and look to the next and more promising prospect.

Good Selling

Paul H. Green

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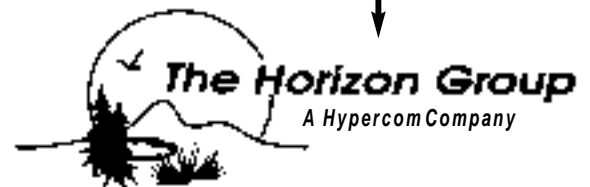
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