The Green Sheet

GS

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

April 29, 2002
Issue 02:04:02

Inside This Issue:

This Isn't Your Father's BSA Organization Anymore

I often have written reviews of ETA meetings in The Green Sheet through the years. Some reviews have been good and some have been critical. What all of my reviews have had in common, however, is that I have tended to talk about the programs and speakers at each given event, and often about the politics of decisions.

This review will spend little time on these items, with the exception of my noting that the April 10-12, 2002 Annual Meeting in Orlando, Fla., was an excellent event that enjoyed record (more than 2,000) attendance. What I hope to address instead in this year's review is both the apparent risk facing the industry and my sincere hope that the ETA can be the catalyst to meet this risk head on.

If you have been around the industry for a while, you might have noticed the slow morphing of the old Bankcard Services Association (BSA), an association of Independent Sales and Service organizations built to unite for a common purpose of improving the image of ISOs, into the Electronic Transaction Association (ETA). I, for one, have been watching and yet have missed some of the more subtle changes.

It is a bit like seeing your kids grow every day. Sometimes the change is so slow that you just get up one morning and – SURPRISE – they are looking you in the eye. Well, in my mind, watching the ETA is just like finally recognizing that growth spurt, and for

> **"The FTC isn't going to let this industry just be a sales process anymore. ... State and federal governments think that the CMS case is the tip of the iceberg."**
>
> — Fred Gumbel
> Consultant, CMS Receivership Team

my money, the organization's maturity couldn't come at a better time.

While the BSA was built by ISOs for

Notable Quote:

"Stand-alone gift card companies are selling gift card processing into a merchant without regard for the acquirer's risk associated with the transaction. I think that those companies have an obligation to work with the acquiring community to report the transaction activity so that together we can monitor the risk."

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DYING TO GET ON THE LIST...

The Trend, Smart Card-Wise

To your best knowledge, what is expected of the smart card market in the coming years? Should we finally expect a boom in smart cards because of the affordability in production or will we continue to see only a slight increase?

What processors have been preparing for the future and currently support the use of the Schlumberger MagIC line?

Thanks.
(Anonymous)
Global One Payments
Via e-mail

We published a story on smart cards in issue 02:01:01 (Jan. 14, 2002) of The Green Sheet; it is viewable online in both HTML or PDF formats at www.greensheet.com/PriorIssues. We also recently asked our Advisory Board what the merchants were telling/asking them about smart cards. The consensus seems to indicate that these are not on the radar screen for merchants or consumers as yet. Look for the detailed Advisory Board response in issue 02:03:02 (March 25, 2002); this issue is also available online.

Good Selling!
The Green Sheet Staff

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Sharing the Wealth ... of Information

As a sales manager in the industry, I wanted to let you know how much I appreciate the articles you publish. They have provided countless solutions and volumes of information that I can share with my sales reps.

I have suggested to all my reps that they subscribe; however, is it possible for me to print out the articles from the Web site and distribute for future reference? I would like to be able to stress a training point or provide information about industry trends. I want to comply with copyright laws and make certain that proper credit is given to the authors.

Sincerely,
Matthew Hamilton
Transaction Merchant Services

Dear Mr. Hamilton,

Yes, we would welcome you to print specific pages and articles for training and reference purposes. Our most recent issues, dating to October 2001, are available online in PDF format and will print out just as they appear in print; these issues are available in PDA format for downloading onto handhelds. Prior issues are also there on the Web site in HTML format, which also can be printed out.

A subscription to the print version of our magazine, which includes both The Green Sheet and GSQ, is available FREE to all salespersons in our industry. We would prefer that each individual registers to receive his or her own copy, but we can mail multiple copies for you to distribute at no charge.

Good Selling!
The Green Sheet Staff

ISOs, the ETA now belongs to everyone in the payments services business, with the most control in the hands of the largest organizations. While it's true that the ETA is no longer just about ISOs, what has happened is that all of the organizations, from leasing to the bankcard associations and beyond, have come to see the benefits that ISOs bring and want to nurture that success.

This is reflected in the increase in money and support that is flowing into the ETA from its membership. One of things that you first notice about the new and improving ETA is that it is papered in advertising. Just about anything you can imagine at an ETA event can be sponsored. Organizations can sponsor speakers, water bottles, hall banners, welcome banners, Internet kiosks, Exhibit Hall aisle signs, pens, hotel key chains, program covers, golf, lunches, dinners, desserts and even the Relaxation Center, just to name a few.

While this "commercialization" might make some unhappy, the reality is that it makes having such an organization,

> **"The FTC is wanting acquiring to look more like consumer credit from a disclosure point of view. … ISOs are at financial and survival risk."**
>
> — Fred Gumbel

its events and even its programs a financial reality for ISOs. It also signals that the association has arrived and has some significant clout.

Now to the risk facing the industry:

While the number of educational programs was limited on April 11 and 12, a special session was created on the afternoon of April 10 to discuss various aspects of the recent Federal Trade Commission action against a large ISO organization.

The speakers for this three-hour session were:
• Holli Targan, Attorney, Jaffe, Raitt, Heuer & Weiss.
• Paul Katz, Attorney, Greenberg Taurig.
• Garrett Vogel, CPA, Receiver, Certified Merchant Services.
• Fred Gumbel, Consultant, CMS Receivership Team.

While many attendees may have expected that the session would talk specifically about the pending FTC complaint against CMS, the CMS Receiver was quick to note that neither he nor the other panelists could talk about what everyone was expecting because the FTC and a federal judge said they could not because of pending litigation.

Nonetheless, this session was very informative and should have been on every ISO's priority list. The session should have scared every ISO organization or bank acquirer in the room.

As Gumbel, who often works for the FDIC as an industry expert, explained, "The FTC isn't going to let this industry just be a sales process anymore." He added, "State and federal governments think that the CMS case is the tip of the iceberg," and "Visa is concerned that this FTC action may damage the Visa brand."

Even though this presentation should have made every ISO in the room uncomfortable, just contemplating the thought of being next on the FTC's list, many in the room expressed concern that ISOs have not been given the ETA's operating rules and that various somewhat mysterious processes of the association may be a contributing factor. Others expressed the view that flagrant violators of reasonable business practices should be in trouble with the FTC, and the matter is of little concern to their business.

While both views are naive, in my mind, I was heartened to see, just by the ETA planning this event, that the association is taking the matter very seriously. One of the

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> **I, for one, think that if the ETA can take a leadership position to co-develop and draft the first round of possible solutions, the FTC will listen and the industry will adopt these guidelines.**

scheduled speakers was Mary Dees, who is President-elect of the ETA, is part of the ETA Government Relations Committee and also is on the CMS Receivership Team, but she could not participate because she lost her voice. When asked if the panel was telling the room that the current FTC investigation likely would have an impact on the industry, Dees said, "Yes, there must be some level of shakeout."

With many of the aspects in the FTC's complaint against CMS centering on contractual issues, Gumbel said he has reviewed 35 separate acquiring agreements from as many organizations that all, in his opinion, "violate FTC rules in the area of 'if-then' language."

Targan further detailed specific contractual concerns, noting that the likely "best practices" approach to future acquirers contracts should be to break the process into three parts: (1) a short, clear application, in the language

and type size sufficient to be understood by an average person, and that the application language will need to have clear and conspicuous language about every fee a merchant might pay, and it needs to be reflected on page 1 of the application; (2) a contract with clear and conspicuous language that explains in non-legal terms what each party to the agreement is contracting to do, with defined cancellation procedures and any cost implications; and (3) an operating guide that is incorporated into the agreement by reference.

Targan explained that all collateral material, including Web site information, should make only true statements and claims about the process and the ISO and should be consistent with the application, contract and operating guide. Targan also noted that the application must be signed by a person eligible to execute such an agreement, and all three pieces should be given to the merchant by the salesperson.

Targan said that even if the sponsoring financial institution may have approved the agreement or application, it does not relieve the ISO of FTC compliance. Following her suggested guidelines in the future, she said, MAY protect acquirers from FTC actions resulting from rogue sales reps but is not a guarantee to do so.

ISO attendees asked why the FTC was expecting these changes in the application process and when such changes must take place. Gumbel explained that these require-

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ments always have existed at the FTC for consumer transactions and are now being applied to business-to-business transactions.

He further noted that "the FTC is wanting acquiring to look more like consumer credit from a disclosure point of view," and that "ISOs are at financial and survival risk."

It often is difficult for an association to lead because, by nature, such organizations are more adopters and followers of industry trends. But the ETA has a large voice and is unique-ly qualified to lead the way to a voluntary compliance program.

Historically, the FTC likes industry-led, voluntary-compliance programs that permit the FTC to look at self-imposed rules and tinker and suggest, leaving litigation for a later and hopefully unnecessary last step.

I, for one, think that if the ETA can take a leadership position to co-develop and draft the first round of possible solutions, the FTC will listen and the industry will adopt these guidelines. Some of the steps are obvious.

No matter how much care is taken in getting the language in merchant applications and contracts to look more like consumer-based documents (although this also must be done), as an industry we know that we cannot rely on the sales rep to give the documents to the merchant 100% of the time.

So, as an example, the ETA might as part of a voluntary compliance program acknowledge this challenge and require phone contact with every new customer before the application process continues, either by confirming the previous receipt of the application, contract and other required documents, or by requiring the acquirer/ISO to immediately provide a copy.

Given the FTC's dislike for the commonly accepted practice of combining, in a single document, multiple agreements with various service and product providers, the ETA might establish a standard that requires separate signatures and separate documents for each service and/or contracting party.

While I don't suggest here that these are necessarily good examples of standards, they do help to explain the kinds of elements that must exist. The FTC will not likely be kind to CMS, and I don't like to think about what its next step in our industry is likely to be. I really think that the NEW ETA can have a positive influence on the future of ISOs and is in position to lead the industry out of what will surely be difficult challenges ahead in mitigating this risk.

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REVIEWED BY •
Eric Thomson

Eric Thomson's career spans more than 25 years of successfully applying financial systems technology to expand profit margins for his clients. His experience includes managerial positions in international banking (ANZ Bank), research and development (Visa International), consulting (Ernst & Young) and major account financial institution sales (NCR). He was a founder and President of Valutech – a successful systems integrator that delivered cash management systems into such clients as ARCO, Blue Cross/Blue Shield, Colgate and McLane Companies. Currently, he is performing consulting assignments that create new revenue streams for his clients that represent non-traditional vertical market applications for the ISO distribution channel.

Executive Summary

While more than a year old, this White Paper is very timely in the sense that it provides a clear overview of the various ways check electronification is performed today and is likely to evolve toward in the near future.

STAR, recently acquired by Concord EFS, is part of the nation's largest ATM and POS debit network. STAR's heritage grew out of the gradual nationwide ATM exchanges that banks formed to enable their debit cardholders the convenience of cash withdrawal virtually anywhere across the country. Consequently, the document, and all of the case studies, are written from the banker's perspective.

Check electronification is a compelling application for online debit processors such as STAR in that it represents massive potential for incremental revenue off its fixed capital investments – investments long justified for processing of ATM and online debit card transactions at the point-of-sale. The prospect of collecting revenues on an estimated POS paper check base of 18 billion transactions is compelling on a number of levels, as described in this report.

First off, the number of checks is six times larger than the 3 billion POS electronic card transactions in the U.S. There are a series of transaction fees to be shared between the acquirer and check writer sides of the transactions on top of an estimated $2-4 billion in check fraud losses that can be greatly reduced through online check truncation.

According to the report, retailers stand to gain from paying less than the estimated $10 billion they now spend annually for bank and other check-handling fees. These online checking systems also offer merchants the promise of greatly reducing the estimated $10 billion in check fraud they experience annually.

The White Paper does a good job of describing the evolution of electronic check conversion (ECC) under the direction of the rules-making organization, the National Automated Clearinghouse Association (NACHA). STAR proposes that a more efficient approach to check electronification lies in exploiting the online links it has built between ATMs/retailer POS terminals and the debit cardholder banks.

Under its "real-time check electronification" model, each time a consumer presents a check for payment, the item will be MICR read/possibly imaged and sent through a switch that will go directly to the check writer's bank for either verification or warranty. If the check writer's bank isn't a part of the debit network, then the transaction will be authorized and, if approved, will be settled via ACH.

Real-time check conversion transactions are anticipated to result in accelerated funds availability for the retailer – by as much as a day or two relative to ACH and even more time than a paper check.

Under this model, verification is defined as assuring the retailer that the check writer's account is open and contains sufficient funds to cover the check – but the funds are NOT placed on hold and settled. This is what occurs when the transaction is approved under a "warranty" contract between the banker and the retailer.

Not surprisingly, the pricing for these two services is anticipated to be very similar to those charged today under

check verification and check guarantee, the first on a per-transaction fee basis and the latter on a percent of face value of the funds being transferred. In addition to faster funds availability, warranty also eliminates retailer losses for fraud, NSF and administrative returns.

The challenge for debit network processors like STAR is to facilitate their member banks to make the necessary upgrades that enable these check transactions to look like an ATM transaction across their network. That is not a small change. The ATM card numbers are in different formats as compared to the MICR numbers found on the bottom of checks.

ATMs also use Personal Identifier Numbers (PINs) to provide cardholder identification and authorization -- security missing from personal check writers, who, for whatever reason, have long decided they will not clutter their minds trying to remember PINs. Consequently, the check electronification services provided by debit card processors will evolve slowly over the next few years as more and

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more banks upgrade their checking account systems to make way for these new sources of revenue.

Visa estimates that I have read suggest that the most online debit could hope to penetrate would be 70% of the checking accounts currently in use across America. The remaining 30% are checks drawn on small credit unions and savings/mutual banks that can't justify the upgrades needed to provide real-time check truncation. These transactions will be converted via ACH.

While the report includes a brief mention of "electronic check imaging," it leaves it as an optional feature of the settlement process. This isn't surprising, given the author of the document. STAR's heritage is as a bank membership organization that enforced strict guidelines on how to qualify cardholders and control the distribution and updating of cards/PIN security systems. Opening a checking account is a much more relaxed process and explains why there are so many more people carrying checkbooks than there are carrying debit cards.

Companies with the most real world experience in check truncation, such as CrossCheck and TeleCheck, are convinced that capturing the check image before returning the canceled check back to the consumer is not only prudent, it makes the business case for providing the service. The image not only provides vital name and address information in the collection of NSF returns, it has proved critical in the repair and re-submission process needed to collect administrative returns for MICR misreads.

There is also a wealth of valuable consumer information on the check when you consider that the name and address can be extracted, linked to a unique number (MICR line) and back to the original transaction detail containing the individual items purchased. As you think about it, these are all the components a retailer needs to identify high-value customers and execute a successful loyalty program.

Maybe even more important than any other retailer value-add, the check image showing the consumer's intention, as shown in his or her own handwriting, represents the logical method of resolving consumer disputes without jeopardizing the long-term relationship.

Highlights of Findings

• "While predictions may vary, given consumers' allegiance to checks, a more realistic solution is to make checks easier and less expensive for retailers and financial institutions to handle. And the best way to do that is to

make check transactions as paperless – as electronic – as possible."

• "The term 'check electronification' applies to a wide variety of payment processes along a continuum between traditional paper checks and the complete reliance on paperless, totally electronic payment methods."

• "Electronic check imaging: digitally capturing a photo of a check and either storing it for future reference or transmitting it to facilitate settlement."

• "Today, two models of check electronification are popular and growing: electronic check presentment (ECP) and electronic check conversion (ECC) to an ACH payment."

• "Unlike many other payment forms, ACH conversion does not generate revenue for financial institutions. First Union realized that the growing popularity of ACH conversion could significantly decrease the number of paper checks retailers were depositing with the bank – along with the revenue it derived from processing those deposits."

• "… Faulty data in a negative database can mean false declines. Retailers could be losing perfectly good sales because of bad data – and sometimes they're losing the goodwill of their customers, too." -- Woody Tyner, SVP at BB&T.

• "Depending upon the level of sophistication required, retailers generally pay a per-check fee ranging from $.02 to $.20 for verification services. In 1999, retailers paid a total of $86 million for verification of checks totaling $152 billion."

• "Check warranty (guarantee) fees run between 0.4 and 5.0 percent of the value of a check. In 1999, retailers paid a total of $200 million to warranty checks totaling $50 billion."

• "One national retailer estimates that 25% of the checks that it accepts at POS are tied to a shared financial institution – both the consumer and the retailer have accounts at the same institution. As a result, the funds from these checks are made available to the retailer the same night. Approximately 50% of all checks have a 'one-day float.' The remaining 25% have a 'two-day float.' "

• "STAR believes that – within a clear and consistent regulatory landscape – financial institutions, retailers and consumers will embrace real-time check electronification as an important component in the evolving electronic payments system."

First Data Executive Joins GS Advisory Board

The Green Sheet is pleased to announce a new member of the Advisory Board. Anthony Lucatuorto of First Data Merchant Services has joined our group of industry experts who have agreed to share their knowledge with our readership.

Lucatuorto is General Manager of independent sales organizations and agent bank relationships for First Data Merchant Services, a subsidiary of First Data Corp. In this role, he manages the success and profitability of more than 700 clients with about 325,000 active merchants.

During his tenure at First Data, Lucatuorto was General Manager of the Full-Service Processing portfolio, composed of five financial institution partners with 50,000 merchants and $15 billion in net sales. Previously, he ran the PNC Merchant Services alliance, which in two years grew from $7 billion in annual net sales to $11 billion in annual net sales in 1999, and served as Controller of the Barnett Merchant Services alliance, managing merchant profitability.

Before joining First Data in 1995, Lucatuorto held various strategic planning and financial management roles within American Express and MasterCard International.

The Green Sheet Advisory Board was formed in 2001 to serve our readership, the retail financial services independent sales organizations and agents.

Each month, we send the members of the board a series of industry-related questions. These questions are derived from readers'queries, inquiries posted to our Web site and research for future publications.

We then use the Advisory Board responses to generate articles for The Green Sheet and GSQ publications. We feel confident that Anthony Lucatuorto will make a significant contribution to this process.

We would like to encourage our readers to submit questions and subjects for comment by the Advisory Board. Please send your suggestions to julie@greensheet.com.

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A Leading Question Generates Mostly Negative Responses

Question 1:

Do you use or recommend the use of lead-generating services? Can you name some (or one) that you feel GS should profile?

Several times weekly, The Green Sheet is contacted by someone wanting to "become an ISO." Along with a request for "how to" materials and guidance, we often are asked to recommend a source for leads. Several "lead generators" have posted ads to our Web site. But when we decided to ask the experts for their opinions regarding lead generators, it was decidedly thumbs-down, with one exception. Look for a profile on True Advantage in a future issue.

Gary LaTulippe
Schmooze

"We use a lead-generating service known as True Advantage. We have found that they are able to customize the types of business we are looking for in a geographical and industry environment. I have been most pleased with their level of service and insight into my needs and their anticipation of how I can better utilize their services. The one reason I had selected this opportunity is that all of the leads provided have voluntarily submitted their information and look forward to hearing from potential suppliers for their request. You never have to feel that you are treading on thin ice when you contact these potential clients."

Robert Joyce
Alliance Payment Systems

"No."

Stacy Bell
Advanced Payment Technologies

"I think that lead generation is at its best when done internally. We have tried several different services and have found them too expensive for what they produce. Lead-generation services often concentrate too much on quantity while sacrificing quality. These services rarely give ISOs the types of leads they need and usually cause greater frustration for the salesperson because of the poor sale-to-

lead ratios. When done internally, it is much easier to control the quality and keep the sales reps motivated with solid leads."

Ross Federgreen
CSRSI

"No, we do not."

Steve Christianson
TransPay Processing

"NO and No."

Robert Carr
Heartland Payment Systems

"No."

Craig Millington
Compass Bank

"We utilize our branch network with a financial reward for any leads that close. I can't really think of any valuable ones offhand."

Mitch Lau
Money Tree Services

"N/A."

Alan Gitles
Merchant First Bankcard

"We use our own lead generators – never thought about using an outside service."

Jared Isaacman
United Bank Card

"Personally, I don't advise it nor have I tried it. Lead generation, I think, requires a personal touch and a direct knowledge of the product you're selling. If you use a third-party company, you're taking a big chance in the first

place, but you also eliminate some of the valuable tools in marketing, such as your personal touch as a sales rep and vertical sales. I think the concept of third-party lead generation will not last very long."

James Marchese
IRN Payment Systems

"We use lead-generating services, and some of our sales offices do also. If the list is used properly, it becomes another resource to add merchants to your portfolio."

? *Question 2:*

What is the big opportunity for ISOs in early 2002?

Spring is here, and business is beginning to bud along with the trees. Across the board we see enthusiasm as we turn the corner on perhaps our shortest recession in recent memory. New technologies, products and services coupled with renewed focus on customer care all seem to be leading toward market growth in 2002.

Robert Joyce
Alliance Payment Systems

"I can't say there's any big opportunity of which I'm aware. It's pretty much business as usual."

Gary LaTulippe
Schmooze

"I think this opportunity will be to find your market niche and learn everything you can with respect to these clients. By specializing you can become an advisor to your clients and gain their respect and confidence. Referrals are a very powerful tool, and what better way to help yourself than by having the endorsement of key players in this segment of your marketplace? We must continually ask ourselves each and every day, 'What am I willing to do today that I didn't do yesterday?'

"Our opportunities are what we develop, nurture and present to our clients. Thinking outside the box has always been a sales buzzword. Sometimes we overlook the obvious and forget to see what is inside the box and how we can better utilize what is already in place but needs revitalization.

"Opportunities are created by core qualities of conducting business – honesty, integrity and the fact that we are asked to anticipate and create solutions. That being said, the opportunities manifest themselves, and those of us who can see beyond will prosper. Those that cannot or will not will continue to experience the agony of 'business as usual.' "

Lee Ladd
LADCO Leasing

"I feel there is continuing opportunity for cross-selling. I have reviewed two opportunities in the past month that should be in all salespersons' briefcases. New products should be priority one after service to the existing customer."

Steve Christianson
TransPay Processing

"Not really sure right now. Will take a look at ETA in Orlando and see what is new. Over the years we all have faced challenges, such as getting new, honest salespeople, increasing costs and so on. Sticking to the basics of fair rates and fees and good customer service is necessary to keep merchants from moving on you. Competition is greater than ever, and these relationships established with your merchant base are invaluable with the daily onslaught of competition."

Stacy Bell
Advanced Payment Technologies

"The big opportunity for ISOs is getting into the biometric market. People are looking for stronger security, and biometrics is no longer just on the horizon."

Ross Federgreen
CSRSI

"I believe the biggest opportunity is always the same – understanding your clients' needs and seeing how you can fulfill them."

Bill Pittman
RichSolutions

"I come from the computer (PC) industry. I see a lot of parallels between the early PC industry and the ISO business. Early PC resellers made good money just selling PCs. Over time the PC became a commodity, and solutions selling became the name of the game.

"I think the same is true of ISOs. It will be difficult to make a living just selling a box and similar financial services to those of the person next door. I believe ISOs need to start partnering with other vendors to provide complete solutions. These solutions will meet all of the businesses' payment needs – credit, debit, EBT, check, smart cards, loyalty, gift card, mobile, wireless, etc. These solutions

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will be provided in the form of software services that can be integrated into the business processes.

"This becomes a win-win – the business wins because it does not have five terminals on its countertop and it has a more efficient operation that meets all of its needs. The ISOs win because they have a differentiated offering with multiple revenue streams and, for all practical purposes, lock the customer into their services (as long as they do their job) because they have now created a barrier to change."

Scott Wagner
Hypercom

"It's a good time to be a merchant and negotiating a processing deal. The marketplace is very competitive and hence merchants can hammer themselves out a good deal. Additionally, instead of just selling countertop boxes that move money from A to B, ISOs and the like have new opportunities to sell gear that is multifunctional and robust. So it's kind of a win-win for the merchant and the sales force. Things like gift card/loyalty, EBT, smart card, electronic signature capture, just to mention a few, are all additional sales revenue streams for salespeople – and, moreover, potential revenue streams for merchants."

Craig Millington
Compass Bank

"I really believe that we will start coming out of the mental depression that has consumed many people since 9/11. I think that the successful ISOs will be the ones that go after the new start-up mom-and-pop shops and meet their coming-out needs."

Joyce Leiser
U.S. Wireless Data

"I believe fixed location wireless is a big opportunity. If the ISO/agent can show that he can provide his own wireless connection for the existing terminal to talk to the processor at a cost that is 50% of what the merchant is paying to the local phone company – it is a way to show an annual savings on processing fees without having to compete on discount rate."

Jared Isaacman
United Bank Card

"The big opportunity for ISOs and agents for 2002 is education. The Green Sheet is offering the online learning center, and processors/banks have been offering more seminars and training events. There are a lot of mistakes that ISOs and agents have been making, and perhaps this year we will stop the recurring problems. Sales reps bouncing from one processor to another, switching leasing companies, trying multiple products – it doesn't ever work out. My mentor in the industry told me you stick with what makes you money, and relationships are everything. Perhaps if 2002 produces a more educated sales force, our industry will grow stronger as a whole from the bottom up."

James Marchese
IRN Payment Systems

"The biggest opportunity for ISOs is trying to find the next unique VAR that distinguishes your company from all others and gains you a competitive edge in the marketplace. Also, with many states now going to electronic EBT, the opportunity to gain new merchants will increase for those who offer this serv-

ice to their merchants."

Robert Carr
Heartland Payment Systems

"The big opportunity for ISOs in early 2002 is to take market share from those acquirers who have cut back their sales organizations."

Mitch Lau
Money Tree Services

"Wireless and online services."

?

Question 3:

What is the looming problem in the next year, if any?

In this post-dot.com-bubble economy and post-Enron market environment, business practices, merchant retention and earnings ratios are the industry challenges. With an optimistic attitude overall, the Green Sheet Advisory Board sees solutions on the horizon. However, ISOs are facing some significant challenges.

Gary LaTulippe
Schmooze

"The looming issue may be the closer examination of how our industry conducts itself. Clients should become more aware of what the industry can provide from a positive aspect and therefore learn what is detrimental to their cause. That being said, we must constantly look for ways to remove organizations that do not conform to a higher standard of conducting business.

"We all have 'basically' the same tools to utilize, so what inspires a client to allow us to represent his interests? It's the integrity and trust that we can instill in this client, the continued customer service, and the willingness to do what failures won't."

Stacy Bell
Advanced Payment Technologies

"I really can't think of any looming problem. Hopefully what one sees as a problem one can change into a benefit."

Lee Ladd
LADCO Leasing

"Retaining good people. No longer can a salesperson do well based on equipment sales. The more successful ISOs will develop pay plans, benefits and products to keep and

motivate their salespeople. Also, quite possibly, financing.

"We are starting to see major changes in the lease business. Several major lessors have closed their doors in recent months. Are small-ticket lessors next? We have seen several significant policy changes by companies with POS as a major part of their portfolios. Success in the POS leasing business is predicated on cost of money and losses. As losses grow, money dries up and lessors close their doors. The situation is worth watching carefully."

Ross Federgreen
CSRSI

"Commodity pricing."

Robert Joyce
Alliance Payment Systems

"Account retention."

Steve Christianson
TransPay Processing

"With the declining difference between cost and retail rates, more and more ISOs are relying on downgrade markups for increase revenues. Some of these markups are very high, such as 125-200 basis points on a non-qualified transaction. Merchants are starting to figure this out. And since this is not a fee that is generally listed on a merchant application, some merchant somewhere will soon figure this out and the CMS/FTC issue will be even bigger.

"Full disclosure of all rates and fees, including downgrades, will be necessary to avoid legal action in the future. The opportunity will be to maintain and grow portfolios by giving better customer service to avoid making some merchant or group of merchants mad so they pursue legal action to get these undisclosed fees refunded."

Bill Pittman
RichSolutions

"On the e-commerce front – security."

Scott Wagner
Hypercom

"I see two challenges. One is market saturation. The other is selling ethically. Potentially, in this scenario, one takes care of the other."

Alan Gitles
Merchant First Bankcard

"The economy continues to be a question mark, and the terminal-leasing companies continue to have problems."

Craig Millington
Compass Bank

"RISK ... RISK ... RISK. Things like CMS, the failure of

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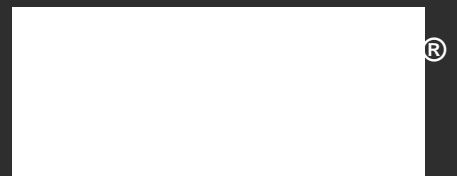
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Authorize.net firewalls (allowing access by outsiders), gift card disasters like those experienced recently by BB&T and Heartland Bankcard. These types of occurrences will scare the bigger banks into rethinking their position in bankcard processing."

Robert Carr
Heartland Payment Systems

"The looming problem continues to be lack of workable models to create value for merchants. Heartland has a $14 billion low-risk portfolio, but gift cards have caused some problems. Heartland brought up the sensitive issue of gift card risk at the Vital conference [February 2002] to focus other acquirers on this evolving segment of bankcard use. I am unaware of any gift card 'disasters' other than a salon that may cause us a loss that may equal as much as one-tenth of one basis point of our annual volume. We don't consider that is a disaster, but we don't like it."

Jared Isaacman
United Bank Card

"The only problems I see for the year to come are further FTC and government investigations into the industry. I think processors/ISOs with corrupt business practices should be exposed and investigated, but an industrywide witch-hunt could slow the growth and production of everyone. Don't get me wrong. I think the results of this will be good, but the possibility of a Pandora's box having been opened still floats in my head."

Mitch Lau
Money Tree Services

"None that I can foresee."

Jared Isaacman
United Bank Card

"The only problems I see for the year to come are further FTC and government investigations into the industry. I think processors/ISOs with corrupt business practices should be exposed and investigated, but an industrywide witch-hunt could slow the growth and production of everyone. Don't get me wrong. I think the results of this will be good, but the possibility of a Pandora's box having been opened still floats in my head."

James Marchese
IRN Payment Systems

"Certainly the biggest looming problem is what the FTC's finding and actions will be in regard to CMS and our industry. Hopefully government intervention and regulations will not be cost prohibitive for us to conduct our business in the future."

A Man Who Makes It All Add Up

INDUSTRY LEADERS
EULA ADAMS

Some people find a profession they like and follow it like a main highway their whole career. Others spend years searching for the road to employment happiness. But Eula Adams is different – he headed directly toward success in accounting but then used those skills to branch off into an interesting career path of twists and turns.

Born in Tifton, Ga., Adams grew up in Jacksonville, Fla., with three brothers and two working parents. He was fortunate enough to get a college football scholarship but knew he didn't have a future in pro ball – in his own estimation, he was too small, too slow and not gifted enough to advance beyond the collegiate level.

Finding numbers an easier field to tackle, Adams received a degree in accounting from Morris Brown College in 1972. He then looked to Harvard Business School, inspired in part by his wife, Janet. "She had a vision in the middle of the night that I was in Harvard Business School," he said.

In the midst of deciding what to do, Adams applied to a number of institutions while considering entering the work force as an alternative to a master's degree. Harvard made Adams an offer in the form of a deferred admission.

At that time, it was rare for Harvard to accept graduate students for its MBA program without some work experience. Adams appreciated the opportunity to gain practical insight into solving problems and worked for two years at the respected Atlanta accounting firm of Touche Ross while attending Harvard's rigorous MBA program.

He eventually did receive his MBA from Harvard Business School in 1976, secured his CPA certification shortly thereafter and continued at Touche Ross, which a decade later morphed into Deloitte & Touche.

Adam's career path appeared right on track. "I was interesting in becoming a partner in a large accounting firm," says Adams. "My expectation was getting a partnership within 12 years. I was fortunate to get there in nine."

That was in 1983. Adams soon realized he wasn't satisfied with just attaining a partnership. "I've always been a person to set reasonable goals, so I get to that goal and say, 'Now what?' I quickly learned there was much more to being a partner and contributor than I had known. I recalibrated my goals and set my sights on being a manager or

leader in the accounting profession."

In 1988, Adams was selected as Partner-in-Charge of Audit Group. His responsibilities included managing a staff of 100 people and overseeing all firm audits at Touche. The merger with Deloitte a year later changed the dynamics of the firm, and Adams became an Executive Committee member of the Atlanta Deloitte & Touche office until his resignation from the firm in 1991. The reason for his resignation? He was given an opportunity to join American Express Information Services Corp., the predecessor of First Data Corp.

Adams assumed the title of Executive Vice President with First Data and at the time was wearing two hats – CFO and CAO for its integrated payments division. For Adams, it was a dynamic yet difficult opportunity. Having spent 18 years in a familiar industry, he now had to learn an entirely new business environment with unfamiliar policies and procedures. Nevertheless, Adams embraced it.

"The best thing I could have done was to leave accounting and accept a challenge to learn a new culture, a whole host of new things," says Adams. "In accounting, I just didn't have to work as hard at it. When I came into American Express ISC, I was called upon to learn more deeply than I was ever called upon to learn clients' businesses. The complexity of activities and transactions in real-time – it was as if I had to learn how to operate at a totally different pace."

His re-education also altered his approach. "From a growth perspective, it was terrific," says Adams. "Today my attitude is, 'Change is good.' Change gives you an opportunity to get recharged and re-energized."

While his attitude may have changed, Adam's business philosophies have remained constant throughout his career. "Always treat people with respect and dignity," Adams says. "Just because you're the senior-most person

doesn't mean you have to always be right. Always look for and appreciate superior talent. Line up and always be recruiting. Existing customers are like gold. New customers are precious silver."

And no company has benefited more from his business acumen than First Data. Its decision to bring him aboard in 1991 as a bench player to learn the business and grow into his role was brilliant. When FDC went public in 1992, Adams' responsibilities expanded to teleconferencing, cable billing, outbound telemarketing and the rapidly grown First Data Resources division.

In 1995, Adams was asked to assume the role of President of First Data's teleservices company, his first real entry into the finance arena. Responsible for the day-to-day operations of the teleservices division and its 4,000 employees, Adams stayed in that role for three years. His next post was Chief Operating Officer for the merchant acquiring division – namely, First Data Merchant Services. Six months later, Adams became its President.

> **"Short-term strategies are sometimes not long-term viable. The real skill is giving appropriate weight to all initiatives, whether it's employee, customer or shareholder. For each one of those, I want to be able to easily perform as a leader."**
>
> – Eula Adams

Then, in February 2000, the call came for Adams to bring his leadership expertise to Omaha for First Data Resources on a global basis. Sharing the stage with fellow senior exec David Bailey, Adams took over sales, marketing and client services while Bailey handled back-office services. By the end of 2000, First Data had asked Adams to assume full responsibility for the entire unit of worldwide card-issuing operations.

How has Adams achieved such professional success? And what of his personal challenges in such a public arena?

"I'm always challenged with an inherent conflict of objectives – trying to create long, sustained growth while achieving a high level of return for investors and ensuring employee and customer satisfaction throughout it all," says Adams. "I want to work in a place where the employees really want to wake up and come into work and be the best they can. I want them to know they're working for people who recognize them while at the same time I want customers who will recommend us to others because they feel we are the best value they can get. I want our shareholders to want to invest and hold our stock."

Adams admits this sometimes challenges what he believes in.

"There are always opportunities to optimize, at the expense of others," Adams says. "Short-term strategies are sometimes not long-term viable. The real skill is giving appropriate weight to all initiatives, whether it's employee, customer or shareholder. For each one of those, I want to be able to easily perform as a leader."

Adams reflects on a passage he recently read in Jack Welch's book, "Straight From the Gut:"

" … Not sacrificing your principles is directly related to the team you line up."

This may very well be Adams' mantra. His team is everything to him.

"We always start with passion, a desire to execute and get things done," says Adams. "We incorporate confidence, respect for other people and a high level of motivation."

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Adams derives his motivation from his corporate family. "People have always given me things to do," says Adams. "They haven't allowed me the luxury of standing still. They've forced me to grow, and I've been lucky to work for people who set high expectations and give me recognition."

Paramount to Adam's team philosophy is that the rewards have to be there as well. "I like to see people highly rewarded," says Adams. "Some rewards are financial, others are outward recognition in front of others. A simple 'thank you' letting others know they've done a good job is just as powerful as money."

With such a positive position, has Adams ever made a negative choice? "If I had to pick one thing, it would be that I wished I had gotten out of the accounting profession sooner," says Adams.

"I stayed at the party a little too long. We all have to be careful not to sit in any one position too long."

Where does he see the payment-processing industry sitting?

"I think we have done pretty well in 30 years with credit cards as a means to pay," says Adams. "I'm impressed with switching capabilities of funding and settlement. I'm very proud of our ability to move large monies.

"However, I think the industry still has to find a way to continue to be creative with payment solutions. I think the challenge for us is to look at how people conduct business worldwide. It's amazing to see cash and checks still used to a significant degree outside of the U.S. There's great opportunity for people to use alternative means to conduct electronic commerce."

\Another area of opportunity in this space is the runaway train of mergers and acquisitions. What is Adams' take on all the buying and selling?

"I call them consolidations," Adams says. "It's inevitable that those companies that are larger will continue to get larger. I don't think it's surprising. As a financial services product, the credit card is a most successful innovation, an enormous contributor, so it's not surprising that we see portfolios moved."

Does the community suffer or enjoy success with those "consolidations?"

Adams responds, "I assume ours is still a competitive world and sources of new merchant relationships are still viable. We are thrilled to be in a highly competitive arena. We deliver value to our clients, and if you do that consistently, the competition takes care of itself."

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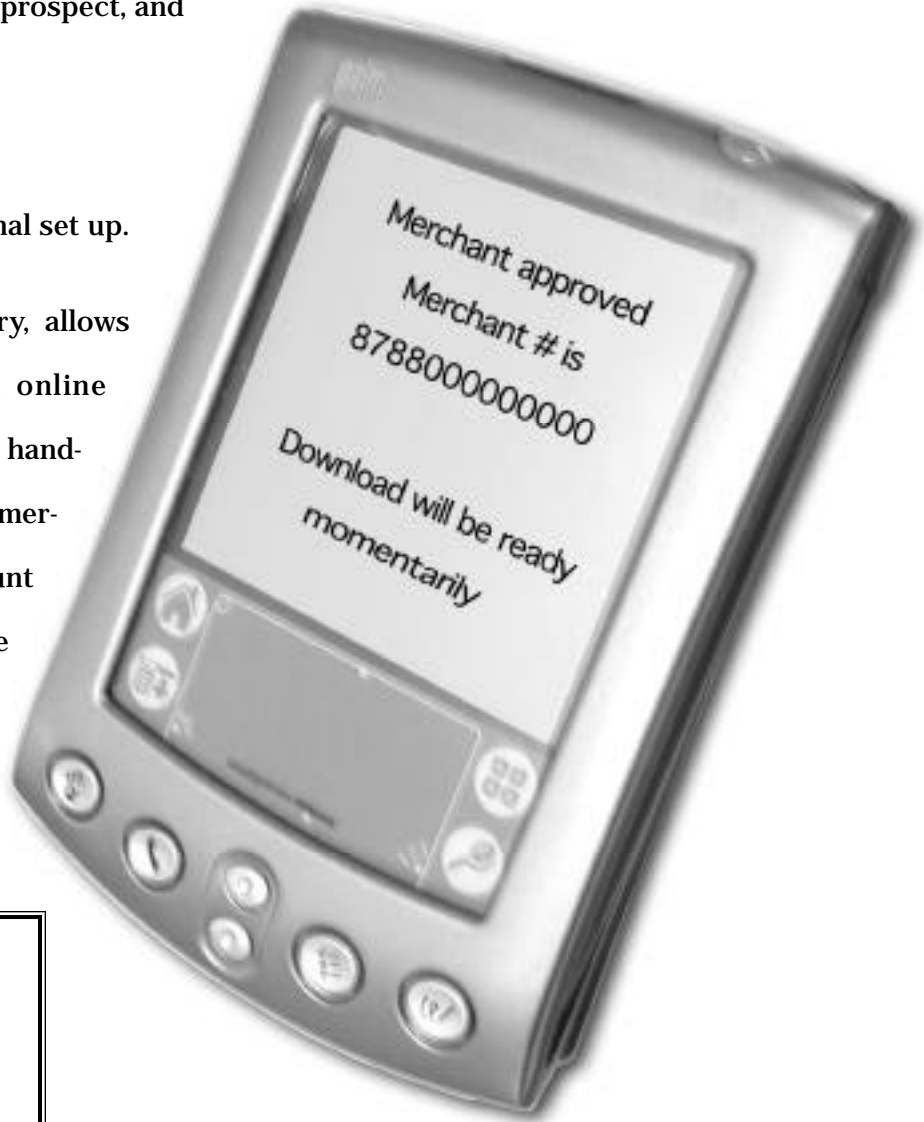
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Risks and Solutions in the Gift Card Business

Retailers are continu-ally looking for ways to attract new customers to their stores and get them to buy more product once they are there. One approach is the gift card. Of course, the more cynical among you might say that there are other incentives: The issuer gets the money up front, much like the traveler's check, and many consumers will either not redeem the card at all or will fail to use the full value of the card by the time it expires. Also, there's the possibility that lost or stolen cards will not be reported.

There are more revenue opportuni-ties: Banks are even issuing MasterCard gift cards with a fee of, say, $4 in addition to the value on the card, plus a $1 fee for each use of an ATM or cash advance, plus a 25-cent fee for either an ATM balance inquiry or a POS transaction using a PIN, plus a $1 expired card fee and a $2.50 processing fee to restore a card that was lost or stolen or to redeem unused balances. Banks love these kinds of opportunities!

We are seeing a profusion of gift cards. Visible Results (www.visi-bleresults.com) runs a loyalty program for some McDonald's outlets with a thermal graphic card that can be swiped through a terminal to be updated and updates reward points, alerts instant winners, makes special offers and even delivers ads.

"Gift cards have been a problematic prod-uct for retailers. Typically, in-store employees steal them, photocopy them or find other ways to compromise the integrity of the system. Issuing and keeping track of gift cards is manually intensive and error-prone."

Another company, Ernex Marketing Technologies (www.ernexinc.com), offers a system that multiplies loy-alty points depending on when and where you shop. It also includes a coupon system. It communicates with the cus-tomer on a real-time basis via the receipt.

However, gift cards have been a problematic product for retailers. Typically, in-store employees steal them, photo-copy them or find other ways to compromise the integrity of the system. Issuing and keeping track of gift cards is manually intensive and error-prone.

One way to solve these problems is to replace paper-based cards and certificates with a card-based system, which requires the card to be activated and loaded, and it then can be decremented with each use after a real-time authoriza-tion.

If you are issuing the cards, you want the consumer to have to come back in your store to reload it. Also, you want to avoid the scenario where the consumer has a $100 card and uses it for a $5 purchase and gets $95 in cash. A properly designed system would decrement the card by $5 in this instance and require the consumer to spend the funds remaining at the store that issued the card.
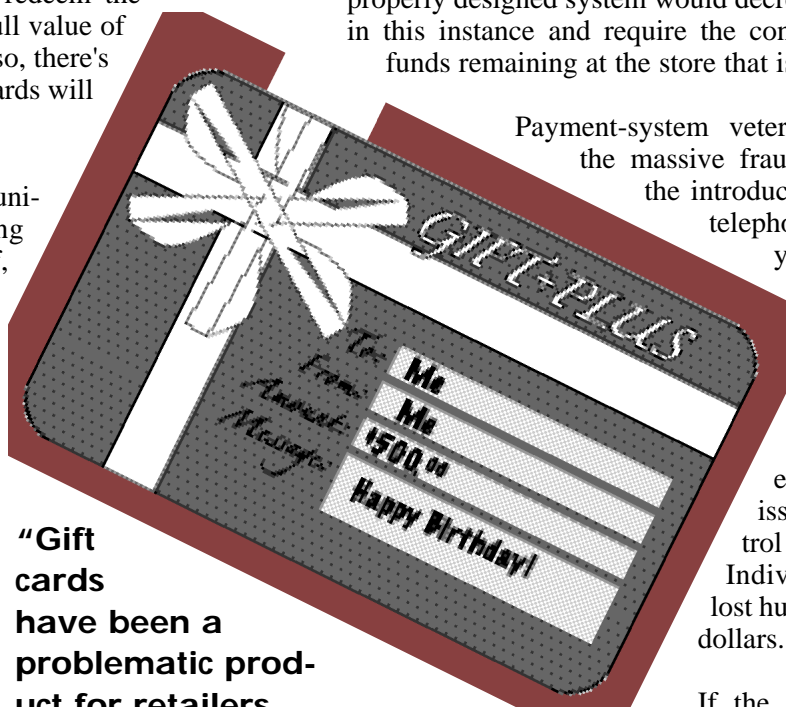
Payment-system veterans will remember the massive fraud that accompanied the introduction of rechargeable telephone cards about eight years ago. Fraudsters recharged cards with stolen credit card num-bers, and because the updates were processed in a batch environment, the issuers could not con-trol their exposure. Individual card issuers lost hundreds of millions of dollars.

If the card is issued at a store and the identity is properly verified at that time, then the main issue is to design an electronic solu-tion to maintain a central-ized gift card inventory database and provide user online inquiry/update infor-mation, redemption and sales authorization, interac-tive update information and audit reporting.

I spoke to Patrick Gaines, CEO of one of the unique gift card processors, LML Payment Systems (www.lmlpay-ment.com), and he explained to me how his company's system works:

User Online Inventory Access

Authorized personnel access inventory summary and detail information through online processes. Depending on their level of security, they have the ability to view, add,

delete or change information.

Filters also are provided to limit the list to: documents not sold, sold but not redeemed, redeemed with zero balance, and balance value range. These filters also provide the ability to limit the number of documents available for viewing.

Processing Steps

Loading – Merchant must capture the Certificate Serial Number. This can be done in a variety of ways: The POS system sends an authorization request to the processor. Processor verifies the serial number (that it has not been previously sold if this is the initial loading). The inventory file is updated. When the card is approved, the balance information is printed on the consumer's receipt via the POS system.

Redemption – Consumer presents card and Serial Number is captured. POS system sends authorization request to

> "My main concern with gift cards is that they introduce risk into previously low risk acquiring industries like restaurants. There has always been gift certificate risk in restaurants, but those paper gift certificates were hard to buy and generally not well promoted by the business."
>
> – Martin J. Uhle
> President/COO, Heartland Payment Systems, Inc.,

processor, who verifies serial number and open to buy.

Processor records the redemption and decrements the outstanding balance. The POS printer receives the authorization request and prints the card-balance information on the consumer's receipt.

Reload of Value – Same as the above steps, plus the processor verifies that the serial number is eligible for reload (card has previously been sold). Processor records the additional value and increases the outstanding balance. As above, the balance information is always passed to the POS in the response information.

The LML system generates the following requests: purchase, reversal/void, initial purchase, reload of active card, accepted with manager approval, balance inquiry, and time-out reversal. It takes massive computing horsepower to manage one of these systems; don't try this at home.

Concerns

There is another side to the gift card equation: What if the issuer goes bankrupt? What if the retailer won't honor a previously issued certificate?

Martin J. Uhle, President/COO of Heartland Payment Systems, Inc., made these points about risk:

"My main concern with gift cards is that they introduce risk into previously low risk acquiring industries like restaurants. There has always been gift certificate risk in restaurants, but those paper gift certificates were hard to buy and generally not well promoted by the business.

"Gift cards are easy to display and are heavily marketed at the point-of-purchase. They are hanging on display racks at thousands of retailers and restaurants, and consumers love them. Sales are up 400%, according to some recent reports I have read. I am not against gift cards.

"However, the merchant charges a consumer's credit card to fund the gift card. That charge is the acquirer's responsibility, but we have no way of knowing that a gift card was issued.

"Stand-alone gift card companies are selling gift card processing into a merchant without regard for the acquirer's risk associated with the transaction. I think that those companies have an obligation to work with the acquiring com-

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munity to report the transaction activity so that together we can monitor the risk.

"What is the risk I keep referring to? The gift card represents a service that will be delivered in the future, and if the business is no longer operating, the card-holder can charge back the purchase of the gift card. Businesses are being encouraged to sell gift cards in order to generate cash flow in tough times, and tough times often lead to business closings or bankruptcy."

Another concern: If you are outsourcing your gift card processing, how secure is the customer information?

What about cost? In-house programs can cost as much as 8-10% of sales to manage. Outsourcing to a vendor such as LML or Givex (www.givex.com) can reduce this expense by half.

Smart Cards

What about smart cards? Aren't they going to render gift cards obsolete? Not anytime soon.

Credit card processors are usually limited to handling authorization and payment. Their hurdle is a chicken-and-the-egg situation:

• Issuers haven't issued any significant volume of smart cards yet.

• Merchants aren't willing to spend the money to buy new processing equipment.

• And processors are reluctant to spend money to upgrade their networks to handle loyalty applications. This would entail the ability to identify that the transaction message is coming from a smart card and then routing the loyalty portion to the application vendor.

Applications such as frequent-flyer miles or a multiple-merchant loyalty program require too much memory

to be read by a POS terminal and need to be read at the back end. But the marketplace is not going to make use of all the data fields on the smart card for some time.

Conclusion

Consumers like the convenience of gift cards, and merchants like their ability to drive sales and customer loyalty. Widespread utilization of smart card-based systems is still years away. Recent advances in technology and computing power have enabled vendors such as LML Payment Systems to solve the traditional problems with fraud with a complex solution that is beyond the capability of an individual merchant to manage in-house.

For more information, you can e-mail an LML representative, Pete Stenhjem, at pstenhjem@lmlpayment.com. If you have a question you want to explore with me, e-mail me at brandese@cross-check.com.

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Clarke American Checks, Inc. is the quintessential American business. Founded in 1874, San Antonio-based Clarke American is one of the nation's largest printers of checks and other so-called "security documents" for the financial sector. And,

after all, the proliferation of checks is a truly American phenomenon – the 50 billion or so checks written here last year outnumbered the total written in the rest of the industrialized world by a factor of three or more.

Considering the stodgy image of checks in this era of high-tech wizardry, it might seem strange to some that Clarke American is among the latest recipients of the Malcolm Baldrige National Quality Award, an honor bestowed by the National Institute of Standards and Technology (NIST). After all, how much technological know-how does it take to print checks?

You might be surprised. In fact, the application of technology has everything to do with the expanding role of checks, and check companies, in America today.

I was invited to meet with executives of Clarke American on the morning in March when the awards were presented by President Bush and Secretary of Commerce Donald Evans. Charles Korbell, President and CEO, talked a lot about how Clarke American uses advanced automation and communications tools to assure the quickest turnaround of check orders. He also explained how the company had diversified over the years to offer a portfolio of services to financial firms, including call centers.

Korbell spoke mostly about the company's "First in Service" program. It was an outgrowth of a corporate realization in the early 1990s that excess capacity in check manufacturing made it difficult to compete on price, he said.

"That's when we made the all-out commitment to a 'First in Service' approach to business excellence," Korbell said.

The results have been impressive by any standard. Since

1996, Clarke American has boosted its share of the check-printing market by 50%; as of year-end 2001, the company had a 26% share of the market. Since 1997, business partner evaluations consistently have shown satisfaction rates of 96%.

In 2001, more than 20,000 ideas from Clarke American employees were implemented for an estimated cost savings to the company of $10 million. Overall employee satisfaction reached 84% in 2000; that same year, Clarke American said revenues earned per employee rose 84%. Annual growth in company revenues was 16% in 2000, up from 4.2% in 1996.

"We have a culture that accepts change as a constant and where status quo is a problem. The outcome is continuous and breakthrough improvements that drive results and inspire our associates to stretch for even higher goals," Korbell said in remarks during the awards ceremony.

In the payments arena, this is a crucial differentiator. Although checks reign supreme in the U.S. economy,

> **Clarke American was the lone recipient of the 2001 Baldrige Award for the U.S. manufacturing sector. Past recipients include Federal Express, Xerox Corp. and IBM.**

changes in payments habits and related technologies continue apace. In 1972, few us had any true sense of electronic payments. By 2000, we were initiating nearly 30 billion electronic payments a year, according to the Federal Reserve.

Some Background

Malcolm Baldrige was U.S. Secretary of Commerce when he died unexpectedly in 1987. During his time in Washington he had been a vocal advocate of initiatives that could breathe new life into the sagging competitiveness of U.S. businesses. Shortly after his death, Congress passed a bill establishing the Malcolm Baldrige Quality Award to recognize quality and achievements in American business.

Prospective award winners devote significant time and energy documenting and implementing plans and improvements in the areas of leadership, strategic planning, customer and market focus, information and analy-

sis, human resources, process management and results.

Clarke American was the lone recipient of the 2001 Baldrige Award for the U.S. manufacturing sector. Past recipients include Federal Express, Xerox Corp. and IBM.

In addition to Clarke American, winners of the 2001 Baldrige Award included Pal's Sudden Service, a Tennessee-based fast-food chain, and several public-education organizations.

Commerce Secretary Evans, in remarks during the March awards ceremony, said the group has set an example to be emulated by other American businesses. He said an index of stocks made up of publicly traded Baldrige Award recipients consistently outperforms the Standard & Poor's 500.

"While performance in the stock market is only one indi-

> **"There is a major discrepancy in the U.S. between the wide use of the Internet to conduct business and the sluggish adoption of e-payments. In non-face-to-face payments, the U.S. lags years behind other advanced economies,"**
>
> – Gwenn Bezard,
> excerpt from Celent Communications report

cator of success, this study and others show that businesses that seek excellence in everything they do can achieve success in many areas, including the bottom line," Evans said.

Checks and Balances

It's been written here before, but it deserves repeating: Checks will not be eliminated from the U.S. economy, at least not in our lifetimes. The fact that a check company is the lone manufacturing company to receive the Baldrige Award for 2001 – a year that saw the demise of scores of dot.coms after they were expected to fuel the new "digital economy" – is testimony to the resilience of check payments in America.

Some observers see it as a shortcoming. "There is a major discrepancy in the U.S. between the wide use of the Internet to conduct business and the sluggish adoption of e-payments. In non-face-to-face payments, the U.S. lags years behind other advanced economies," complained Gwenn Bezard, author of a report released in March by Celent Communications, a New York-based research and consulting firm.

But wait just a minute. Today, the nation's three largest check printers, combined, control 95% of a market that generates $1.8 billion in U.S. revenues. Revenues at Clarke American last year exceeded $460 million.

Deluxe Corp., located near Minneapolis, is the largest check printer, with more than $1.2 billion in annual revenues. In 2000, Deluxe spun off its non-check payments businesses (e.g.: EFT network and ACH processing) into an independent company, eFunds Corp. Revenues at eFunds dipped slightly last year, to $513.6 million from $518.2 million the year before.

Atlanta-based John H. Harland Co., which places third in check printing market share, has diversified substantially over the last several years. Company officials credit the diversification with increasing revenues by about 3% in 2000, for a total of $720.7 million.

Any way you look at it, check printing and services are a huge and potentially lucrative segment of the U.S. economy. Others in the payments arena – especially new and emerging e-payments companies – would be well served to follow the business quality example set by Clarke American.

BOB GIBSON
NEGOTIATION
RESOURCES.COM

EDUCATION ◄ ◄ ◄ ◄

Negotiating for SUCCESS

Every sales manager has worked with salespeople who are bright, diligent and do a pretty good job of presenting information about their products and services. But when it comes time to negotiate the terms and close the deal, they lose the sale. Or, if they do make it, they leave most of the profits on the table.

Negotiating is the essential sales tool. And here's why: Sales ability determines gross receipts while negotiating ability determines profits. Negotiating is also a process that takes practice. Let me share a formula that guarantees more sales and greater profits for you and your sales force. It's built on the acronym SUCCESS.

• **Set the Stage.** Right from the start, make sure you are working together, not shooting at each other from opposite sides like two gunfighters. When you remove the problem from the person, it allows you both to focus on the problem like a target and to create solutions together.

When tensions arise in the negotiating process, put things in perspective by referring back to the gunfighter analogy. You might physically draw the two scenarios for a stronger impact. Say, "I feel like we're shooting at each other like two gunfighters. Can we work together this way, focusing on the problems together?"

This approach will change the high stress and animosity found at most negotiations to a more relaxed atmosphere of trust and cooperation. Consider moving your chair so you're on the same side of the table, or sit at the side of the desk and share a corner. Other suggestions for setting the stage are mirroring the other person's physiology and matching the rate of their speech.

• **Uncover the Issues.** Find out what's most important and why. The direct approach is usually the best. Just ask, "What's important to you? What do you want out of this?" It's a good idea to write down the issues as they talk.

• **Confine the Issues.** Ask, "What else do you consider to be important?" When you have the main issues written down, ask, "Is there anything else that should be on this list?" When they are finished, draw a box around the

issues, to make a point that these are the items that we're concerned with.

Why confine the issues? To avoid surprises later on. To eliminate the "Oh, yeahs!"

See if this sounds familiar. You're negotiating an important issue and you've invested quite a bit of time. You think it has gone well. Right at the end, when you think it's a done deal, they say, "Oh, yeah," and they've got some completely new issue to add. Confining the issues up front prevents this from happening.

• **Confirm Intent and Authority.** You've uncovered and

confined the issues. It's time to confirm. To confirm intent, ask, "If we can come to agreement on these issues, can we do business? If these are solved, do we have a deal?" And second, confirm authority. In other words, the one who signs the check. Nothing is more frustrating than finding you've been negotiating with the wrong person for two weeks.

A sentence that takes care of this without offending someone, without questioning their authority, might be: "In addition to you, who else will be involved in the decision-making process?" I find this is much more subtle than, "Tell me who's really the head honcho around here so I don't waste anymore time with you."

• **Evaluate the Issues.** There are three kinds of issues, made easy to remember by the triple-Bs. Breadcrumb issues are minor ones you easily can sweep away. Bacon, as in "Bringing home the bacon," are the meat and potatoes of the negotiation and are usually based around money, terms, rates, etc. The last B stands for Blocking Issues. If there are blocking issues, any deal-killers, you need to know those up front.

• **Solve the Problem.** This is the part of the process most people think of as negotiation. Good negotiators spend years learning tactics and strategies. Each new opportunity to negotiate, including the time you take afterward to objectively critique your performance, will help improve your skills.

• **Satisfaction Check.** After a solution has been reached, close the negotiations with a satisfaction check. Ask, "How do you feel about this? Is this something you can live with?" You're not asking for complete agreement. That would be an open invitation for trouble since any effective negotiation involves compromise on both sides.

To make the formula work, don't skip any steps. This sounds so trite and obvious, but it's incredible how often this is violated. Any step you skip is going to cost you in the long run.

If you don't uncover the issues, you're not even in the ballpark.

If you don't confine the issues and then confirm that, if those issues are taken care of, you have a deal, then you're going to have an "Oh, yeah."

If you don't find out who has the real authority, you're going to reach what you think is the end and hear these words: "Well, this looks good to me. Of course, the board has to pass on all this."

Share this SUCCESS formula with your sales force and trust the process. It's designed to cut trouble off at the pass, validating all of the hard work with bottom-line results.

EDUCATION ◀ ◀ ◀ ◀

Leasing 101: Learning the Basics, Learning the Math

By Corey Saftler
President, Integrated Leasing Corp.

In previous articles, I described how your merchant can benefit from a lease versus an outright purchase and, more important, how YOU EARN HIGHER COMMISSIONS by converting a cash purchase to a lease. The concept of lowering up-front costs by spreading out low monthly payments appeals to merchants' cash-flow concerns and makes it easier to sell state-of-the-art technology.

Now it's time to focus on the math involved. I have found that most salespeople don't have a true understanding of how their commission is derived.

Years ago, when I started working in this industry, my first question was: What is a factor rate? Put simply, the factor rate is a monetary conversion table. This table allows you to calculate monthly payments spread over the term of a given lease, for a specific dollar amount.

The conversion affords you the ability to calculate your base costs, sales expenses and marketing fees to create a value for your product or service. Then, using your factor rate, you can convert these costs into your merchant's monthly fee and thereby project your commission.

Confused? Don't be. It sounds much harder than it is. For the sake of this article, let's assume the term of the lease is 48 months and the factor rate is .0300:

1. If the ISO wishes to receive $1,200, then to arrive at the merchant's monthly payment, simply multiply $1,200 times the .0300 factor rate to arrive at $36 – the $36 being the merchant's base monthly payment.

2. Conversely, if the merchant can afford to pay only $30 per month and the ISO needs to calculate the gross commission he or she would receive for the lease, simply divide $30 by the .0300 factor rate to arrive at $1,000. In this example, the ISO receives $200 less.
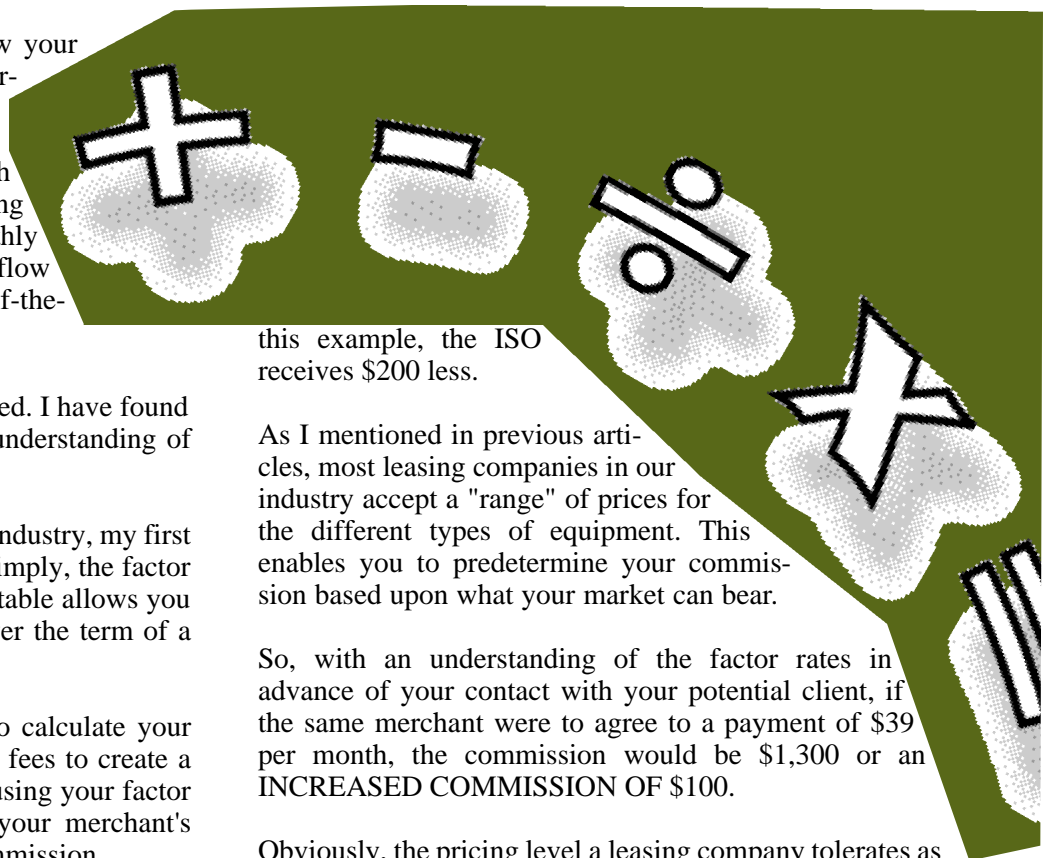
As I mentioned in previous articles, most leasing companies in our industry accept a "range" of prices for the different types of equipment. This enables you to predetermine your commission based upon what your market can bear.

So, with an understanding of the factor rates in advance of your contact with your potential client, if the same merchant were to agree to a payment of $39 per month, the commission would be $1,300 or an INCREASED COMMISSION OF $100.

Obviously, the pricing level a leasing company tolerates as to what is an acceptable funding range must be within reason. Most leasing companies in our industry hold to a maximum funding formula. This formula is usually a multiple of the equipment costs, which include the ISO's marketing, sales and installation fees.

The leasing company usually establishes a price guideline that the ISO must follow. Based upon varying factors, such as geographic region, economic environment and stiffness of competition, the ISO can maximize his or her profit.

Next: Merchant quality.

Turn Yourself into a Media Marvel

In the future everyone will be famous for fifteen minutes. – "The Andy Warhol Diaries," July 27, 1978 and June 2, 1983.

Whether you're charting a course to stardom, an unwitting soul cast into a media melee or a businessperson hoping to generate a little buzz about yourself in the community, you should know how to handle working with the news media. Since most of us are not the kind of people the media seeks out with requests for interviews, arming ourselves with the skills to get our stories told is essential.

For any ISO, setting yourself apart from the competition is part of beating the competition. In getting your customers and potential customers to see you separately from all the others, maybe your goal is to promote the services you offer. Maybe your goal is to gain respectability and become better known within your community.

Working with the press – and getting the press to work for you – can be an effective tool in letting people know about yourself and growing a business. You might be missing out on some valuable opportunities to tell people about yourself and how you do business. The media can be beneficial to promoting products and services, but you have to know how to approach it, what to give it and who your audience is.

Public relations expert Edward Segal's client list includes large corporations and organizations as well as individuals and smaller companies. He has placed articles, arranged TV interviews, created campaigns and acted as a spokesperson for more than 500 clients. He conducts seminars and writes articles, showing average people how to use PR tactics. His simple writing style provides all the nuts and bolts you'll need to assemble a complex campaign or to promote your business.

Most of us practice public relations every day, telling customers and clients or bosses and coworkers what we want them to know in meetings, job interviews or sales presentations. We tell people about ourselves, our businesses, our endeavors. We try to get our messages across. We promote ourselves.

The same principles apply to an independent sales professional trying to close a sale – you have to know who your customers are and what they want to buy.
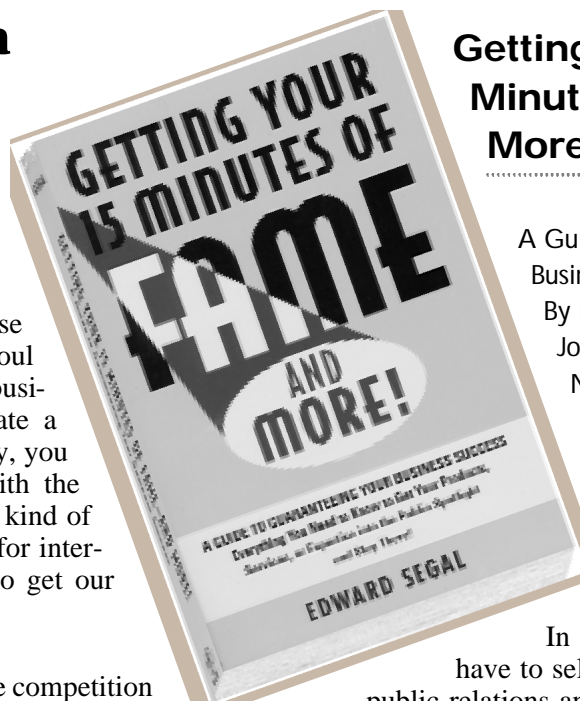
Getting Your 15 Minutes of Fame and More!

A Guide to Guaranteeing Your Business Success
By Edward Segal
John Wiley & Sons, Inc.
New York
ISBN0-471-37058-4
316 pages
$16.95 paperback

In order to tell your story, you have to sell your story. Segal's guide to public relations and self-promotion provides an excellent overview of how to do just that. The book is divided into short chapters and covers the entire process of getting free publicity, from planning to implementing. Worksheet forms will help formulate ideas and strategies

and define goals and audiences.

In Chapter 6, "Your Fame IQ," Segal recommends taking inventory of your products, services, expertise and accomplishments:

"Once you've decided why you want to be famous and how famous you want to be, it's time to identify and prioritize which aspects of your business or professional life you want to be famous for, and why. ...

"This inventory should reflect your career objectives, professional goals, business plan or organization's marketing strategy. What aspect of your personal or professional life can serve as the reason a news organization would want to do a story about you?"

Answering the questions Segal puts forth throughout the book will help you define your goals and should get your creative juices flowing – the idea is not to be shy when telling your story. He also provides suggestions, and discusses each, for coming up with ways to generate stories about yourself or at least get your name out there.

For example, Segal suggests making yourself a reliable source of information – let your local paper know what your area of business expertise is and be a dependable resource for background information or even direct quotes.

In Chapter 41 he suggests sending press releases to the information-hungry news wire services used by all print, broadcast and electronic media.

The book does cover a number of areas that probably will never apply to average people, but even these sections contain common-sense advice applicable to doing business in a professional manner. For instance, when you're dressing for a TV interview, Segal's wardrobe tips also make sense for dressing for business meetings.

Of course, consulting a professional public relations consultant is sage advice – as Segal says in Chapter 45, it's not as easy as it might look.

Just because an editor receives a press release does not guarantee it will be published or even read. PR people can help with formulating plans, devising communications and seeking out media coverage as much or as little as suits your budget.

What separates your PR story from everyone else's is exactly the same thing that sets you apart from your business competitors. You need to make sure everyone else knows exactly what that is. With help from Edward Segal's "Getting Your 15 Minutes of Fame and More!," your efforts should be rewarded.

COMPANY PROFILE ◀ ◀ ◀

POS Plus, Inc.

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Web site: www.posplusinc.com

ISO benefits:
- Excellent source of used terminals.
- Equipment is thoroughly cleaned and refurbished.
- Machines rebuilt to customer's exact specifications.
- Three types of warranties available.

Nip and Tuck for Terminals

Your merchant is thinking about upgrading his or her system. You're eager to comply and stand at the ready with an appealing assortment of the latest terminals, scanners and readers. Then the merchant asks, "What do I do with my old equipment?" Your reply: "Call POS Plus."

As a leading provider of refurbished IBM, NCR, Symbol, PSC and other notable manufacturers' point-of-sale terminals, scanning devices and control units, POS Plus is always in the market for used equipment. Its niche is serving the needs of general retail, hospitality and grocery businesses.

That niche was discovered by POS Plus President Steven Shipley, who got his feet wet back in 1982 when he worked for a company called Dataserve handling a variety of things, including leasing and maintenance of POS terminals, banking units and various computer equipment. Dataserve subsequently was purchased by Bell South.

Bell South didn't see a future in payment-processing equipment and decided to get out of the POS business shortly after the acquisition, so Shipley decided to get out of Bell South. His belief is that one never leaves the business, one just changes companies. He ultimately took his network of business relationships and started his own company – namely, POS Plus.

"I wanted to control my own destiny rather than have someone else control it for me," says Shipley. "I wanted to build a customer-oriented business."

That was in 1991 in Minnesota. For the next 2 1/2 years, Shipley did it all, from invoicing to packing boxes to selling. In 1994, he expanded his staff, outsourced refurbishing and took POS Plus to the next level.

Then in 1996, POS Plus went through another major restructure. When a competitor purchased his refurbishing partner, Shipley brought all POS Plus refurbishing operations in-house. The company moved from a 300-square-foot space to an impressive 15,000-square-foot headquarters.

"We now have a new 26,000-square-foot building with 24 employees," Shipley says with pride.

That pride is reflected in Shipley's business philosophy. "We believe in keeping the customer happy, doing whatever you can. It's much easier to keep existing ones than finding new ones," he says.

How does POS Plus keep its customers? "We have a tremendous amount of knowledge and more than 50 years of collective experience," says Shipley. "All of us are experts in the field. We are honest and ethical. I guess you could say our differentiators are knowledge, experience and integrity."

POS Plus works with businesses across the board, internationally as well as domestically. "Within the last

12 months, we've shipped to Germany, England and Australia, though we probably buy more equipment internationally than sell it," says Shipley.

Within the last 12 months, POS Plus also has sold more than 3,000 terminals alone, not including scanners and control units. While its prices are competitive, Shipley admits some frustration in getting some merchants past the price tag.

"Merchants may be more aware of technology, more sophisticated about the marketplace, but our frustration comes when customers just look at the dollar quote," says Shipley. "They think they're comparing apples to apples."

According to Shipley, that is not the case. POS Plus provides a level of refurbishment quality that no one else can. Upon arrival at POS Plus headquarters, all components are dis-

assembled and thoroughly cleaned. Technicians will repair or replace components as needed and repaint covers if necessary to ensure a like-new appearance.

In keeping with the POS Plus commitment to customer satisfaction, machines are assembled to the client's specific configuration, with memory installed and the correct cables connected. All machines are tested for display brightness, keyboard operation and printer quality. Any components that fail these tests are repaired or replaced, then tested again.

The renewed and improved machines are then packed for shipping in custom-fitted boxes with machine type, model number and serial number printed on the box exterior for easy reference.

If all that isn't enough, POS Plus covers each refurbished piece of

equipment with a warranty. Three types are available – manufacturer's warranty, third-party maintenance warranty or self-maintenance warranty.

"We guarantee all equipment will be accepted by the corresponding original manufacturer or third-party maintenance organization," says Shipley. "As for the self-maintenance warranty, some of our customers have in-house staff that maintain their equipment, and we offer 30 to 90 days in that case."

POS Plus gets its stock from other retailers or leasing companies, bankruptcies and acquired companies that are doing technology upgrades. In addition to the major merchant market, from time to time POS Plus also sells to software vendors who provide used equipment as part of their hardware and software packages.

One area of the business that POS

Plus doesn't need to expend a lot of resources for is customer support. While it does overnight parts if something go down, POS doesn't require a large customer-support division.

As Shipley puts it, "We are a cash-and-carry business, a simple operation. We don't deal in software and we don't deal with unknowledgeable customers. We're not educators or trainers. We're just suppliers of equipment."

However, Shipley is quick to point out how closely POS Plus works with its customers. "We talk every day to retailers, helping them plan what equipment they need," says Shipley. "We'll get those hard-to-find terminals for them or recommend something similar. We'll even send out test machines."

Whether it's a new or existing customer, POS Plus will provide test machines for those who aren't quite sure refurbish is the way they want to go. The trial period can be as short as 30 days or as long as six months – another example of going the extra mile to keep its customers happy.

POS Plus would appear to be meeting its challenges head on. One of the biggest challenges Shipley faces on a regular basis is continuing to grow the company with the right people. Another challenge is the seasonal aspect of the business.

Refurbished equipment specialists usually are busy from mid-April through October, but the last year was a bit different for POS Plus. "We've been going steady for the last 12 months," says Shipley. "We haven't been able to catch our breath this year, but it's a good thing."

For merchants, the good thing that POS Plus brings them is the ability to keep equipment costs down.

"People like to save money, and not every retailer needs the greatest technology and the newest product," says Shipley. "On the other hand, some people see the creation of an opportunity to get rid of the old generation and bring in the new. That's where we step in. We'll help you get rid of the old."

Despite the obvious direction POS Plus is headed in, Shipley doesn't have big plans.

"I don't have great aspirations of building a giant company. I'm happy with where we are," he says. "We will grow based on what our customers want us to do. We don't want to be everything to everybody. It takes away from our core. Many companies lose sight of what they're really good at as they branch out into other areas. We know what we're good at and plan on staying good at it."

COMPANY PROFILE ◀ ◀ ◀ ◀

Retriever Payment Systems

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Company address:

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Houston, TX 77070

Phone: 800-376-3399 or 281-376-8899

Fax: 281-257-2937

Web site: www.retrieveronline.com

ISO benefits:

• ISOs are primary customers.
• Small merchants get treated like large merchants.
• Will work with ISO of any size.
• Paid out $1.3 million in residuals in one recent month.
• Top-notch leasing program.
• Has forged alliances with major industry players.
• On-site training.

A Provider for All Seasons
... and Systems

Many companies could not withstand the ravages of the ISO storm that swept the industry in the last decade, and few of the survivors maintained a stellar reputation. But the story of Retriever Payment Systems renews one's faith in the payment-processing industry.

It all started in Houston in 1986. A couple of guys had a dream, a typical ISO scenario for credit card processing – go out, get merchants and keep them happy. Their concept, however, was to differentiate through technology. They counted on achieving success by bringing different software applications to the payment-processing table. And they did just that.

"Most people believe that the tip-capture feature has been on receipts since the beginning of time," says Joe Natoli, Executive Vice President/Director of Retriever. "That's not the case. We were one of the first to come out with that feature. We were certainly a forerunner in the development of payment-processing technology."

In 1987, Retriever Payments welcomed a new CEO, Bill Higgins, who took the company to the next level. Within the first year under Higgins' leadership, Retriever's merchant base went from 100 to more than 1,000. In 1993, First National Bank of Omaha purchased the entire ownership of Retriever, and the company became a wholly owned subsidiary of FNBO.

Right after that, Higgins became President of Retriever and changed its philosophy from a heavy emphasis on writing software to one of sales and marketing.

"Bill felt our customer was the independent sales organization as well as the merchant;" says Natoli. "Our sales organizations became our primary customer."

That philosophy refocused the company's internal IT department and software writers, who starting developing systems to help ISOs bring aboard merchants more quickly and easily. They realized the more technology they drove down to the field, the easier it is for the ISOs to grow and manage their businesses. They left the software development to the equipment manufacturers.

While its competitors focused on the merchants, Retriever committed its offerings to the ISO community.

"If you want to know what a merchant wants or needs, the ISO can tell you," says Natoli. "No matter what technology you use, this is still a people business. If you lose the connectivity with the field, you'll lose the connectivity with merchants."

How did Retriever implement this noble approach? One of its most effective strategies was putting together an advisory board elected by ISOs that is still in existence today. The board meets quarterly and reviews Retriever's operations from

a corporate standpoint. It gathers information from the sales organizations about what they need, current trends, and areas to focus on. It utilizes that information to help decide what products and services to offer.

Many ideas that originated in that boardroom have translated to effective programs and products, such as tender, gift and loyalty programs as well as a very organized agent bank program. Retriever Check is the conversion and guarantee offering that got its start from a board member. Another board member brought the concept of a government division to Retriever that works with federal, state and community offices that accept credit card payments.

For the most part, Retriever's target market is small to midsize merchants. It is a strong yet geographically diverse portfolio of merchants with an average sales base of $150,000.

"We are able to deliver a level of service to the smaller merchant that is usually given to the larger merchants," says Natoli. "It has helped us to grow."

In 2000, Retriever boasted 70,000 merchants. That figure increased to more than 80,000 in 2001.

It would appear that Retriever doesn't feel the competition. Not so, according to Natoli.

"Of course we have competitors," he says. "It's tough for ISOs to compete in the merchant business. For anyone to say they don't have competitors, they're kidding themselves. I like to think we are our own competition in our agility to grow directly related to our getting our message out there – but someone is always chasing you."

It still comes down to people for Retriever, though it doesn't take everyone who knocks on its door.

"We are not the processor for every ISO," says Natoli. "If you want to build a residual base and grow their business, we are here for you."

And are they ever. In one recent month, Retriever paid out $1.3 million in residuals. "When ISOs come to us, they say, 'Oh my gosh, I didn't know a place like this existed,' " says Natoli.

According to Natoli, one of the things ISOs find most appealing about Retriever is the fact that it has been around a long time with the same name and same basic philosophy of customer first. Retriever has a history of paying not only a lot of money out but always meeting its obligations for residuals to its ISOs. Retired ISOs still get a check, as do ISOs who have left the family to marry into another processor but have merchants still under the Retriever umbrella.

Retriever wants professionals who are in it for the long run, who focus on building a residual base.

"You have people who want to build a base but don't have the luxury of time, so their focus is on brand new start-up merchants or heavy emphasis on equipment," says Natoli. "They're not aware of what real residual stream means." Retriever is determined to show those ISOs the true meaning of revenue.

Retriever also claims to have one of the best leasing programs. When Retriever approves a merchant account, the lease is

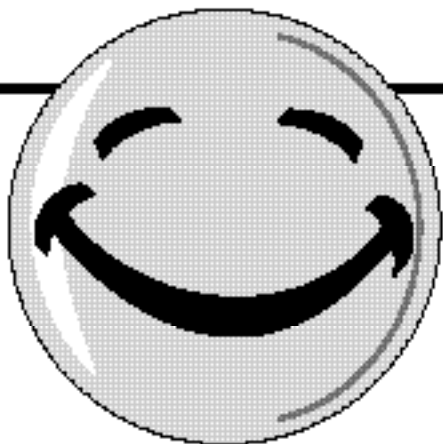automatically guaranteed. There are no denials of leases on merchants who get approved.

And getting that nod is not too difficult. Depending on the size and type of merchant, Retriever has a volume-based program or fast-track approval. About 70-75% of all applications get same-day approval. It then goes to download mode, and ISOs are ready to load their merchants the following day.

The challenges Retriever faces are usually on auxiliary services. When the app is missing data or the volume is larger than the standard auto approve, it goes through a regular review process that normally takes at least 48 hours.

Because Retriever doesn't restrict the size of its merchants, it doesn't restrict the size of the ISO with whom it works. "Some of our oldest and finest organizations are husband-and-wife teams who work out of their home office or two guys or two gals as well as some organizations with 20 to 30 reps," says Natoli. "Our service department treats them all the same."

> **"Some of our oldest and finest organizations are husband-and-wife teams who work out of their home office or two guys or two gals as well as some organizations with 20 to 30 reps,"**
>
> – Joe Natoli
> Executive Vice President/Director
> Retriever

That service department provides quality customer support. With a long established, 24/7 in-house support center. Retriever provides a live voice at anytime to answer any questions from any customer, be it ISO or merchant.

However, Retriever has gone one step further for the customer: Each ISO is assigned a company rep. Merchant set-up teams are coordinated to ensure quality of service and merchant happiness. Once they join the Retriever team, ISOs are mandated to attend a three-day training seminar. While ISOs are responsible for their own airfare and hotel expenses, the training seminar is free, meals and materials included.

"If you are serious enough about joining an organization that cares about your future, you'll get here," says Natoli. "We do not send out a package, say sign here and go get your merchant. That's not us. We will never do that."

Retriever also has on-site training when the organization is big enough or multiple ISOs exist in the same area. After completion of the initial training, ISOs join a merchant set-up team led by a company rep who makes sure the new organization understands all the idiosyncrasies of getting its deals processed. The new group merchant set-up team goes for 90 days with ISOs assigned to one of two areas, either into a merchant set-up team designed to handle big ISOs or a team designed to work with smaller ISOs.

"We instituted this concept of set-up teams for ISOs about two years ago with similar ISO merchant business going to like set-up teams," says Natoli. "If you have the same people handling the same type of apps, you have more consistency in acceptance, approval and development of strong working relationships with your ISOs. We've created a great working relationship between the field and the corporate office."

Additional support comes from Retriever's Web site. The current site is being phased out, and Retriever's new Oracle project with new capabilities is being phased in.

"We've spent a considerable amount of resources to redesign the core of our systems," says Natoli. "We bought an Oracle database as well as all Oracle software apps to drive info out into the field to merchants."

The restructure will be in three phases over the next nine months. The first phase has been completed and is being parallel tested.

Retriever also has forged alliances

> **"We have developed products prior to the curve like our check conversion product. You are going to see a lot of merchants moving toward that form of payment now that they can take a check, truncate and deposit it direct into their account like a credit card."**
>
> – Joe Natoli

with other major industry players. Front-end providers are NDC, Vital and Paymentech, giving ISOs yet another reason to sign up with Retriever.

"I don't know of many other processors that have multiple choices for their ISOs," says Natoli.

Enjoying a longstanding relationship with NDC, Retriever is rapidly growing a strong bond with Paymentech, which Natoli praises for its wonderfully bright employees and great software offerings. As for Vital, Retriever's new COO, Eric Turille, was a senior exec at Vital before joining the Retriever management team.

Retriever works with all the major manufacturers in supplying hardware. VeriFone, Hypercom, Lipman, Thales,

Datacard and Citizen are all partners. In the bankcard arena, in addition to processing Visa and MasterCard, Retriever also has direct interface with American Express, Discover, Diners Carte Blanche and JCB.

First National Bank of Omaha is its sponsor bank though its position with FNBO has changed because of the leveraged buyout in December 2001. "First National Bank of Omaha was gracious to allow us to buy back majority interest in Retriever," says Natoli. "They still maintain a minority ownership."

Natoli lists a number of reasons for the buyout. FNBO and Retriever had different marketing strategies. While they enjoyed a great working relationship over the years, growing the merchant base 30% each year, competition started to grow between the two partners. Retriever officials believed that if their company became independent, it would be able to continue growth along a path they considered more comfortable.

"We went to the chairman of Omaha, and he was gracious to give us the opportunity to grow the business with their minority ownership," says Natoli. "We found it was challenging but exciting. Omaha is still a good member bank to process through and a good partner. It is the best of both worlds. We now can get an ownership position in the company and create opportunity for many of our VPs and managers to participate in an option plan that would give them more of a stake."

Where does Retriever go from here? "I think our future is great," says Natoli. "We have developed products prior to the curve like our check conversion product. You are going to see a lot of merchants moving toward that form of payment now that they can take a check, truncate and deposit it direct into their account like a credit card. Our internal staff is growing annually, and I see it continuing to do so. The economies of scale we will realize and the investment in technology we made will enable us to enjoy it."

The company has 265 employees spread among four locations – its headquarters in Houston and regional offices in Massachusetts, Arkansas and Florida. At a time when the payment-processing industry is experienced unprecedented growth, Retriever is confident it can make the best solutions for ISOs very retrievable.

20 REASON WHY I SHOULD CHANGE MY CURRENT PROCESSING SOURCE

MY CURRENT PROCESSING SOURCE:

1. HAS NO AGGRESSIVE BUYBACK PROGRAM FOR RESIDUALS.
2. DOES NOT PAY RESIDUALS BY THE FIFTEENTH OF THE NEXT MONTH.
3. DOES NOT ISSUE SAME DAY MERCHANT NUMBERS.
4. HAS AN UNRECOGNIZABLE PROCESSING BANK.
5. DOES NOT DO ITS OWN UNDERWRITING.
6. DOES NOT PRICE ITS PROGRAM OFF OF INTERCHANGE.
7. DOES NOT OFFER COMPETITIVE RATES.
8. DOES NOT PAY ON MID AND NON QUALIFIED PROFIT.
9. HAS INADEQUATE RESIDUAL REPORTING.
10. HAS NO AGENT HELP DESK.
11. HAS AN APPLICATION FEE.
12. DOES NOT SHARE ON ALL REVENUE STREAMS.
13. DOES NOT ACCEPT FAXED APPLICATIONS.
14. ALWAYS PAYS RESIDUALS EXTREMELY LATE.
15. SOLD ITS PORTFOLIO AND DID NOT PAY ISO/AGENT
16. DOES NOT COMPENSATE ON AMEX, DINERS OR DISCOVER.
17. HAS LIMITED FRONT END PROCESSING OPTIONS.
18. HAS NO AGENT BANK PROGRAM.
19. DOES NOT OFFER GOOD CUSTOMER SERVICE.
20. DOES NOT SETTLE THROUGH CHASE MANHATTAN BANK.

20 REASONS TO BECOME A PARTNER IN PROCESSING WITH:

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WE PROCESS THE WORLD'S TRANSACTIONS

NEW PRODUCTS ◄ ◄ ◄ ◄

Elite 712   **Elite 770**

"Aterminal placed on a swivel requires three times more counter space than a terminal with an external PIN pad.

"The 712 solves these issues by integrating the PIN pad and by tethering the terminal to the base for secure customer PIN entry, providing a much more reliable and space-efficient payment solution."

The Elite 712 features EMV level 1 and 2 approval, standard 1 MB of memory, bi-directional magnetic stripe reader, smart card reader and optional secure access modules, all integrated into a small and lightweight package for superior investment protection.

The POS Handoff

Elite 712 and Elite 770 POS Terminals
INGENICO

The transaction is being processed – the customer hands the cashier a card and a PIN must be entered. Instead of spinning the terminal around, the clerk simply hands over the PIN pad.

Ingenico's Elite 712 retail and restaurant counter-top terminal offers another solution for businesses looking for ways to speed up the length of time their customers spend at the cash register.

Introduced at ETA 2002 in Orlando, Fla., the Elite 712 is a compact wired terminal featuring a PIN pad that's tethered to the base and lets the operator safely and easily hand it to the customer to key in the numbers.

It also has an integrated smart card reader and accepts both credit and debit cards.

"A terminal with an integrated PIN pad placed on a swivel display that is continuously turned to customers for PIN entry will eventually strain the communication and power cables, causing unnecessary downtime," said Mike Hackney, Ingenico's Financial Systems Vice President and General Manager.

The keyboard has a large, bright graphical display for ease of use and intuitive transaction entry – further speeding up customer checkout.

The thermal printer produces crisp, legible receipts on easy-to-load paper and requires no ribbon replacement.

The Elite 712 is built on Unicapt architecture for optimum application portability, secure multi-application acceptance and a proven development environment.

The 712 joins Ingenico's Elite family of POS terminals, including the 510 counter-top and 770 short-range and 780 long-range wireless terminals.

Ingenico also recently announced that its Elite 770 short-range wireless EFT POS terminal is now available in the United States. The terminal is designed for electronic payment acceptance in retail, service, hospitality and restaurant establishments.

Ingenico packed a lot into this 1.2-pound compact design.

Ingenico Corporation

770-594-6000
www.ingenico-us.com

For businesses and merchants who want to accept customer payments at multiple locations anywhere in the establishment, the Elite 770 offers portable payment and customer-convenience options while reducing risks of card skimming.

It is EMV levels 1 and 2 approved and features an integrated smart card reader for credit and debit card acceptance.

A standard one MB of memory, bi-directional magnetic stripe reader and optional secure access modules provide excellent investment protection. Like other terminals in the Elite line, the 770 is built on Unicapt architecture.

User-friendly features include a four-line back-lit graphical display and back-lit keyboard for use in any light. The Elite 770 also has a thermal printer with easy paper-load and clear receipt printing.

"The 770 has a powerful short-range modem and secure PIN pad we've built in that allows it to remotely communicate with the base for both credit and debit authorization, providing the payment platform that customers and merchants need," said Hackney.

"Up to five Elite 770 terminals can communicate with a single base for transaction authorization and settlement. A cost-effective charging base without a modem is also available.

These features add up to an economical payment solution for businesses that need multiple short-range wireless terminals to optimize customer service while reducing the opportunity for credit card skimming."

Speeding Up Account Setup

Merchant Application Express
First Data Merchant Services

ISOs now have access to a system that covers everything to set up a merchant account and accelerates the process from start to finish. Web-based credit initiation, underwriting, account set-up workstations and tracking are all part of the Merchant Application Express package, one of five Merchant Express Tools introduced by First Data Merchant Services at the ETA annual meeting.

Merchant Application Express is a turnkey solution for

ISOs, said Anthony Lucatuorto, First Data Merchant Services' General Manager. "It can be customized for any merchant acquiring business. Merchant Application Express is designed for today's fast-paced merchant acquiring environment."

The bottom line is that less time spent on administrative tasks means more time for selling. "ISOs will spend less time managing account acquisitions and more time earning revenue from them," Lucatuorto said.

Merchant Application Express will eliminate the tedious paper application process for ISOs and their merchant accounts. The customizable tool enables rapid enrollment for new accounts and gives ISOs the ability to monitor the accounts.

Users can key the merchant application data and route the information automatically to credit officers for faster approval; in some cases approval can be made on the same day. Web-based new account credit approval and setup are available 24 hours a day, seven days a week

ISOs also can customize the features they want to use on

First Data Merchant Services

800-666-5777
www.firstdata.com

Merchant Application Express, depending on their merchants' individual business needs. Customized reports track accounts, reduce risk and provide historical storage of all applications processed.

Every phase of the merchant acquisition process can be tracked. From the moment the merchant information is input, the ISO can instantly track the status of the enrollment. For example, any missing information easily can be resubmitted and the account will begin generating revenue sooner.

Merchant Application Express manages the credit underwriting of new merchant accounts in real-time. The "Reassign" feature lets users automate and balance workload.

A built-in feature called Merchant Record Review lets ISOs check data entry for accuracy. Other customizable features include setting mandatory fields, using built-in security levels to assign user access or segregate by account types, generating standard reports with the built-in tool and generating custom reports through its specified query feature.

ACQUISITIONS

TeleCheck Buys ICS

TeleCheck Services Inc. has acquired the assets of International Check Services (ICS). Terms of the transaction were not available. The acquisition will merge the ICS processing system and database of check writer information with TeleCheck's acceptance and risk-management systems. Adding ICS's check writer information to TeleCheck's comprehensive database will improve risk screening, check verification and guarantee capabilities. Nearly 29,000 new subscribers will be added to TeleCheck's customer base. TeleCheck is a subsidiary of First Data Corp. Jim Lerdal, who in the past served as President and COO of TeleCheck, was appointed President of ICS in early March 2002.

Verus Acquires Network 1

Network 1 Financial and **Verus Financial Management Inc.** have signed a letter of intent to consolidate the two companies. The deal is subject to approval by the boards of directors of each company. Verus Financial is a Nashville, Tenn.-based payment- processing firm, and Network 1 Financial is a McLean, Va.-based credit card and ACH processing company. Verus selected Network 1 as its first acquisition to provide the company with a strong foundation for growth.

Financial Technologies Inc. Looks West

Jackson, Miss.-based electronic transaction services provider **Financial Technologies Inc. (FTI)** announced it has acquired the assets of **Automated Cash Systems (ACS)**, an ATM company in Fresno, Calif. FTI supplies services for 1 million ATM transactions and processes more than $45 million in customer funds. ACS customers will now have their own personal customer service reps and access to services such as FTILink, a 24/7 real-time ATM transaction monitoring system, as well as check cashing and prepaid cellular availability. The acquisition will bring FTI's customer contracts to more than 3,700 nationwide.

First Data Adds Paymap

First Data Corp. has acquired **Paymap Inc.,** a San Francisco-based financial services company offering proprietary electronic payment services to financial institutions. Paymap will become part of First Data's Western Union Financial Services subsidiary, broadening the scope and expanding its portfolio of payment services into unserved markets. Paymap's services help consumers manage debt and finances, protect credit and achieve financial goals. Western Union and Paymap plan to expand the company's services to not only serve the mortgage industry but also branch out into new segments of the payments market. Western Union has 120,000 agent locations in 185 countries and territories around the world.

InterCept Intercepts iBill

InterCept Inc., a banking technology products and services provider for community financial institutions, has acquired the assets of **Internet Billing Company Ltd. (iBill)**, which provides transaction processing services for Web merchants. InterCept also planned to complete its acquisition of end-to-end transaction processing services provider Electronic Payment Exchange Inc. (EPX) by the end of April. By adding the payment solutions offered by iBill and EPX to its existing merchant processing division, InterCept will be able to offer complete solutions for virtual and brick-and-mortar transactions.

ALLIANCES

First Data Pairs with Sun Trust Banks

First Data Corp. and subsidiary First Data Merchant Services have signed an agreement to form an alliance with **SunTrust Banks Inc.** to provide merchant credit and debit card processing services to business customers throughout the Southeast and Mid-Atlantic states. The new partnership forms an entity called SunTrust Merchant Services LLC. It will service nearly 67,000 merchant locations and is projected to include $20 billion in annual sales volume, which will place it in the top 12 merchant bankcard organizations in the nation. First Data will handle management, operations, risk management and sales activities. SunTrust will support marketing efforts through its sales channels, including 1,200 retail branch locations and treasury management groups.

U.S. Wireless Data Signs with Creditel

U.S. Wireless Data Inc. (USWD) has signed an agreement with **Creditel** to introduce two new payment products for processing transactions with wireless phones. USWD's Synapse service will be the payment gateway for transaction processing and will provide distribution for Creditel's products and services. Creditel's PowerSwipe is a small card reader that attaches to a merchant's mobile phone, adding credit card terminal capabilities with a lightweight, all-in-one device. PowerPay is an alternative method of using a mobile phone to enter credit card information with keypad entry; it is currently in field trials. The Synapse platform will route transactions between the mer-

chant's mobile phone and the bankcard processor.

Vital Signs with VeriSign

Vital Processing Services has signed a multiyear contract with **VeriSign Inc.** Under the terms of the contract, Vital will become a reseller of VeriSign's Internet payment gateway services. Vital will now be able to offer acquirers VeriSign's Payflow Pro and Payflow Link Internet payment-solution services. The partnership will give merchants of all sizes a fast and reliable interface between the merchant's Web site and Vital's one-stop processing network for authorization and capture of "card not present" transactions.

MasterCard Works with Welcome Real-Time

MasterCard International and **Welcome Real-Time** have signed a global co-marketing agreement to provide MasterCard member with access to Welcome's XLSmart. The technology solution brings smart card-based loyalty programs to market for members and merchants. XLSmart products let MasterCard chip-imbedded credit and debit cards to store, process and deliver the electronic equivalent of reward points, coupons, gift certificates and tickets. With the system, deployable on Multos and Javacard, merchants can target and modify customers' individual behaviors.

MSI to Process for Hitachi Cable

Merchant Services Inc. (MSI), New Jersey, has signed **Hitachi Cable Manchester Inc. (HCM)** a division of Hitachi Ltd., to a multiyear agreement for credit card processing services. HCM will use an end-to-end solution provided by MSI that includes PC-based software, transaction authorization and settlement services for credit card payment. MSI credits MasterCard International's ISO Referral Program for the partnership. The program focuses on connecting qualified merchant service providers like MSI with appropriate merchants interested in accepting MasterCards at their places of business. HCM will be taking credit cards for the first time and will use the MSI system and processing services for the card transactions.

Smart Cards Make It to Big Leagues

Smartix and **MasterCard International** have teamed to offer SmartFan chip cards to season ticket holders of five major league baseball teams. This will be the second season the San Diego Padres will offer Compradres Awards to 1,000 fans. The Los Angeles Dodgers, St. Louis Cardinals, Baltimore Orioles and Pittsburgh Pirates teams also have similar fan programs this year. The SmartFan cards allow fans to exchange season tickets electronically, transfer funds to the card for concessions and take advantage of preferred parking and rewards programs. The program will be available for National Hockey League fans in the fall; the SmartFan feature also might become available through MasterCard issuers.

Record Quarter Results For Humboldt Bank

Humboldt Bancorp reported record first-quarter net income of $3 million, an increase of $3.9 million over the same period in 2001. The bank's total revenues, including net interest income and non-interest income, increased 9 percent for the first quarter. Humboldt Bancorp offers consumer and business banking services through its three affiliate bank subsidiaries in Northern California and is the nation's 25th-largest processor of credit and debit card transactions.

ANNOUNCEMENTS

Elite 510 Certified Class B

Ingenico has received Class B restaurant platform certification from **Vital Processing Services** for its Elite 510 counter-top terminal. The Elite 510 is a compact, integrated EFT POS terminal that provides a single solution for electronic transaction acceptance and processing. It is built on Unicapt architecture, has EMV levels 1 and 2 approved integrated smart card reader and IP communications, provides optimum application portability and secure multi-application acceptance. The Elite 510's user-friendly

design features superior operator lead-through with a simple-to-use keyboard for intuitive transaction entry and faster customer checkout, and it has an easy-loading, legible thermal printer.

Very, Very VeriFone

VeriFone Inc. has been selected by Shell Oil Products US and Motiva Enterprises LLC to provide POS systems at nearly 22,000 retail outlets. VeriFone's flexible POS solutions for petroleum retail and convenience store operations allow the ability to tailor functionality and maximize the potential of each location. Shell Oil recently acquired Texaco's business assets and plans a major nationwide re-branding of the Texaco retail outlets, including standardization of POS equipment at corporate-owned and whole-sale locations. VeriFone's Ruby SuperSystem features a clear migration path to open system connectivity and can manage petro-convenience store operations from card processing to fuel control, car wash and tank level monitoring.

VeriFone and **Valutec**, the stored-value card system provider, have announced certification and availability of loyalty and gift card applications for VeriFone's Verix architecture. The pre-packaged gift card and loyalty solution allows merchants of all sizes access to the benefits of

an electronic gift card program. Acquirers and ISOs now have an off-the-shelf loyalty solution to offer; this program does not require re-certification of the existing payment application.

Paymentech became the first U.S. processor to certify **VeriFone**'s latest Verix multi-application platform, the all-in-one "hands-over" Omni 3750 terminal. The Omni 3750 is now certified and installed in 15 countries. Paymentech is using the terminal, which features a 32-bit processor, to target markets like grocery, discount and convenience stores and auto-service locations where transaction times at the POS are crucial.

NEWS
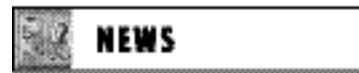
MasterCard's Thinking Globally

With 100 million **MasterCard International**-branded smart cards around the world already, the credit card company has another solution for issuers to offer their consumers. MasterCard's OneSMART is designed to give its international member financial institutions marketing support and technological choices. The new card system reflects results of market research that showed cardholders want compelling reasons to use smart cards, which create profitable programs for members and merchants. OneSMART has a four-point approach for successful smart card program implementation, including market-ready technology, end-to-end implementation support, global marketing initiatives and consumer value integration.

APPOINTMENTS
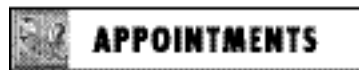
John Arato has been promoted to Senior Vice President of Sales and Marketing of **Golden Eagle Leasing**. Golden Eagle is a wholly owned subsidiary of Hypercom Corp. and specializes in micro-ticket leasing. Arato has been with Hypercom for eight years, including experience in their Transaction Systems Group division's nationwide sales efforts as well as in terminal and software sales. His background includes 19 years in the card payments industry.

Global eTelecom, Inc. announced the appointment of **J. Ronald Williams** as President by the corporation's Board of Directors. Williams has been in the bankcard/check processing business for the last 17 years and is the founder and former President of EZCheck, a national check guarantee and electronic check conversion company.

INSPIRATION ◀ ◀ ◀ ◀

Personality Plus

If all merchants were cut from the same cloth, there'd be no confusion about how to make a pitch and what to include to ensure the sale. However, each prospect possesses unique personality quirks. The smart seller recognizes key signs and utilizes corresponding hot buttons in personalized sales presentations to increase profitability.
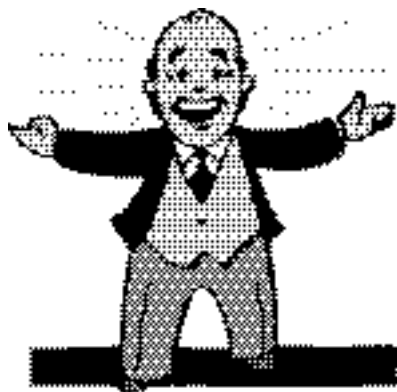
Take a look at some of the predominant traits the experts say can make or break a sale:

•   **Fact   Finders.** Obsessed   with specifics, this group responds more positively to detailed data. Presentation hot button: statistics.

•   **Touchy-Feelers.** Emotion is the catalyst for this group. If you stir the right feelings in them, they'll buy. Presentation hot button: positive reinforcement.

• **Scratch-My-Backers.** If you show a willingness to do something for this group in return for a simple action on their part, they're yours. Presentation hot button: rewards and incentives.

• **Tried and Truers.** The shy group in this scenario, these prospects need reassurance that they're not the first ones on the block to try out your product. They need to see proof of success. Presentation hot button: testimonials.

• **Benefiters.** The "show me" group, these prospects want to see the benefits of buying your product and services. Presentation hot button: product results.

• **Sense-of-Priders.** Responding to products that give their business meaning and reaffirmation, this group is all about vision and the big picture. Presentation hot button: strong symbols.

Stuck in Second Gear

Everyone's been there. Whether stalled in a sales slump or circling the corporate ladder, you find yourself questioning decisions and concept choices, beating your head against the wall just trying to get from point B to point C.

This phenomenon even has been given a law of management moniker by Harvard Business School Professor Rosabeth Moss Kanter. She classifies it this way: "Everything looks like failure in the middle." Whether it be a new presentation approach, a repackaging of products or a reshuffling of sales staff, every change hits the wall before it goes over. Some just take a little longer than oth-

DATEBOOK

Card Forum & Expo 2002

Highlights: The 14th Annual Card Forum and Expo is an all-encompassing event, featuring discussions about the latest issues surrounding credit, marketing/loyalty, prepaid/debit and merchant acquiring. Redesigned to be the premier card industry conference for senior card executives, it combines content from five conferences into one all-encompassing event. This year's program will feature four highly focused track sessions, allowing participants to attend only the sessions in which they are most interested. By bringing together a wide array of industry participants, this event will be unmatched in its content and networking opportunities.

When: June 2-4, 2002

Where: JW Marriott, Washington, D.C.

Registration Fees: Vary by attendee status and registration date. Complete details on Web site, www.tfconferences.com, or by calling 800-803-3424.

How to Sign Up: Online at www.tfconferences.com. Phone 800-803-3424. Mail form to Thomson Financial Conferences, P.O. Box 71911, Chicago, IL 60694-1911.

Retail Systems 2002

Highlights: Retail Systems 2002 Conference & Exposition will integrate its conference program with the influential Voluntary Interindustry Commerce Standards Association (VICS) Collaborative Commerce Conference, focusing on retailer-supplier collaboration and creating one forum for the entire retail industry to gather and exchange ideas. The new program will offer a unique opportunity for retailers and suppliers to discuss technology and business issues from a retail, wholesaler and manufacturer perspective. Attend sessions and hear about recent systems implementations from leading companies in the industry. Learn how to make your systems more efficient and more profitable and maximize technology dollars. Visit with more than 250 exhibitors and learn about the latest B2B/supply chain, e-commerce, retail store and corporate technologies. An online search engine and on-site guides will allow you to make the most of your time at the show, and the TechTours program will assist you in locating the right technology solutions for your company.

When: June 24-27, 2002

Where: McCormick Place, Chicago

Registration Fees: Vary by workshops and program tracks attended. Complete details on Web site at www.retailsystems.com or phone 617-527-4626, ext. 111.

How to Register: Visit www.retailsystems.com. Phone (617) 527-4626 for general information.

ers to reach fruition. The trick is not bailing before letting it become a bona fide success.

Consider the following tips before tossing in the towel:

• **Laugh at Murphy's Law**. Yes, things do go wrong sometimes, but admitting defeat too soon solidifies failure. Keep smiling.

•**Take a Second Look**. Every cloud changes shape as it streams across the sky. So too must your plan if you're not achieving the original goal. Re-examine strategies. Re-evaluate time frames. Re-energize.

• **Make over the Mission.** Now that you've done the re-evaluation and have put together of list of what's working and what's not, it's time to apply. You've got the basic good bone structure. All it will take is educated enhancement. A makeover will not only make your project look good and feel good, it will blast you out of that miserable, stuck-in-the-middle position.

• **Let Go.** The smart professional is prepared to relinquish conceptual steps or selected presentation paths for alternatives, if it means getting that much closer to the finish line. The more rigidly you hold on to one idea, the more susceptible that idea is to snapping. Stay flexible.

• **Be Realistic.** Unless you've been gifted with powers to see the future, it's impossible to predict the outcome of your project. Accept it, especially if it involves something you've never attempted before and you have nothing to base results upon. Dreams have great merit. Reality checks keep those dreams in the main.

• **Keep the Body in Motion**. No matter what obstacle appears in the road, the worst thing to do is shut off your engine. Lose momentum, no matter how minimal, and it will take double the effort just to restart the process. Feet, don't fail you now.

• **Ignore the Naysayers.** There's always someone ready to say, "I told you so." Tell them this: "I'm an exceptional person with extraordinary talent. This is a minor setback on the road to a major accomplishment." That should shut 'em up for a while. Surround yourself with supporters.

• **Start the Party Early.** Where is it written that you can only celebrate at the end of the day? Why not treat yourself to a mid-project mini-celebration? You've come this far. With the right toast and the right tone, you'll get out of slow gear and into high gear. Then get ready to gun it to the checkered flag.

Good Selling!

Paul H. Green

RESOURCE GUIDE ◄ ◄ ◄

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Access ATM
(877) 786-4984 x19
ATM Merchant Systems
(888) 878-8166
ATM Systems, Corp.
(800) 417-3201
Cash Resources, Inc.
(800) 214-1840
Data Capture Systems, Inc.
(800) 888-1431
Electronic Cash Systems, Inc.
(888) 327-2864
EPX
(302) 326-0700
Financial Technologies, Inc.
(800) 523-2104
NationalLink
(800) 363-9835
Phoenix Cardnet
(305) 338-9316
Samsar ATM Co.
(800) 811-3342
Universal ATM Network
(800) 274-5965
Amicus/XtraCash ATM
(888) 712-1600

BANKS LOOKING FOR ISOs/MSPs

Bridgeview Payment Solutions
A Wholly Owned Subsidiary of Bridgeview Bank and Trust
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Chase Merchant Services
(800) 622-2626 x86016
Comerica Merchant Services
(800) 790-2670
Cross Country Bank
(302) 326-4200 x29112

First American Pymt Sys
(866) GO4 FAPS
Humboldt Bank Merchant Services/ATM
(877) 635-3570
National Processing Co.
(800) 672-1964 x 7655
Professional Payment Consultants
(402) 496-6381
Redwood Merchant Services
(800) 939-9942
Retriever Payment Systems
(800) 376-3399

CHECK DRAFTING SERVICES

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Checks by Phone/By Web
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CHECK GUARANTEE/ VERIFICATION

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Hypercom
(800) Hypercom
Ingenico
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Lipman USA, Inc.
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MLT &Assoc., Inc. Plastic Refurb
(775) 358-2922
National Processing Company
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(866) 276-7289

Schlumberger Sema
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Merchant Services Incorporated
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Electronic Payment Systems LLC
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EXS Electronic Exchange Sys.
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Innovative Merchant Solutions
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Merchant Services, Inc.
(800) CARDSWIPE
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National Processing Co.
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Northern Leasing Systems, Inc.
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Nationwide Check Services
(800) 910-2265

POS SUPPLIES

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General Credit Forms, Inc.
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The Horizon Group
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Valdez Paper Products
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Vital Merchant Services
(800) 348-1700

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(402) 222-8570

Global Payments
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Lynk Systems, Inc.
(866) 828-5965

National Processing Company
(800) 672-1964 x7655

REAL-TIME CHECK/ CREDIT CARD PROCESSING

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E-Commerce Exchange
(800) 748-6318

eProcessingNetwork.Com
(800) 971-0997

Netbilling Services
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Online Data Corporation
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