



Case Study— Alaska Financial, LLC

Today, selling merchant services without any sort of value-add is a recipe for disaster. Those in this business suffer from shrinking margins and high attrition rates when competing on price alone. Some ISOs and agents, however, have adjusted their business model to address these trends. They've begun selling POS (point of sale) technology and other related services to create higher margin offerings, new revenue streams, and stickier relationships with customers. One great example of such a conversion happened with Alaska Financial, LLC, a merchant services provider turned POS solution provider, out of Anchorage, AK.

Due to the price war in the industry, Jim Lange, owner of Alaska Financial, decided to partner with Harbortouch, a provider of merchant services as well as POS hardware and software sold as a service, or a monthly fee, to customers. Customers of these solutions sign a three-year contract and receive free equipment with a low monthly fee for the software updates, customer service, technical support and a lifetime warranty on the equipment. The merchant services portion of the business goes through Harbortouch as well.

Lange says the Harbortouch product is loaded with features appealing to merchants new to a modern POS system as well as those with more extensive needs. Additionally, he says the company's leadership continues to innovate and bring new products and capabilities to market.

Beyond the product, Lange says Harbortouch's support team provides prompt and thorough assistance when needed. This was especially important early on in his company's transition. Depending on a partner's capabilities and technical expertise, Harbortouch will handle the installation and support of a solution. Ultimately, Lange and his sons have made the journey from Alaska to Harbortouch's office in Allentown, PA for intensive training on a few occasions. The result is Alaska Financial becoming a Certified Harbortouch Reseller (CHR). As a CHR, the reseller performs its own installations and handles support in exchange for a higher commission from Harbortouch.

"Some resellers are looking to simply sign up accounts and move on without a long-term approach to business," adds Lange. "We want to build relationships with our customers, leverage the relationships over time, win referrals, and generate as much revenue as we can by selling other services we offer."

To see how Alaska Financial's relationship with Harbortouch works today, one need only look at a recent installation the reseller performed for Alpine Firearms, a gun store in Woodland Park, CO.

Customize POS To Meet Customer Needs

The owners of the store have been in business for decades, yet handled the majority of their sales using pen and paper. Lange and his son, who was attending

college in the area, approached the owners about the benefits of a POS system.

One of the more challenging needs of the customer was the ability to facilitate consignment transactions of used and rare firearms. Each month, the owners had to manually determine what was sold and whom it was consigned by, calculate commissions, and pay out to everyone. Additionally, keeping track of ammunition inventory and handling purchase orders were other key desires.

After evaluating different solutions, the owners selected Harbortouch due to its ability to meet those needs where other solutions could not.

With Harbortouch's Advanced Retail product, Alpine Firearms can facilitate purchase orders. "The owners can set reorder points for ammunition so they always have a certain amount on hand," explains Lange. "The software can automatically generate lists of items that have reached the reorder point threshold. The owner selects the items to reorder and the software creates a purchase order. Once the items are received, a single click within the software updates the inventory with the new items." For people who want to track their inventory closely and know what's on hand, this feature is very appealing, he adds.

With the help of Harbortouch, Alaska Financial was also able to program in functionality to handle consignments for Alpine Firearms. "There isn't a consignment feature built in, but the software is robust enough and customizable enough to set attributes and program the consignment functionality," explains Lange. "After only a 20-minute training call with Harbortouch's subject matter expert, we were able to make the changes to the software. As a result, Alpine had software capable of tracking what was sold, whom the consigner was, and the commission owed."

Lange also says the software can produce tax and labor reports. "Alpine Firearms only has a few employees, but the software keeps track of time, so producing a year-end report of hours worked for taxes is simple," he says.

The total cost of the solution to Alpine Firearms is \$89 a month — no charge for the equipment, \$69 for software updates, lifetime warranty as long as the merchant continues to process with Harbortouch and \$20 for 24/7 technical support. There is no money required up front. Alaska Financial did the installation themselves as a CHR, so they received compensation from Harbortouch for the work. Additionally, Alaska Financial collects monthly residuals from the merchant processing based on a healthy five figure monthly credit card sales volume.

Competing In Today's Market

The Alpine Firearms installation is just one example of the type of business Alaska Financial is now winning. Looking back today, Lange sees many benefits to being a part of Harbortouch's POS program.

"There are too many guys out there fighting over the same business with really nothing to differentiate themselves other than a lower price," he says. "We wanted to be different and specialize. Anyone can walk into a store and say they can lower their rates. Not everyone can come in as a POS specialist and show a merchant how the software can improve their business."

In addition, Lange says that while the rest of the merchant services world is in a race to the bottom, he doesn't typically lose any margin with Harbortouch POS deals. "We match rates and keep our margins high," he says. "We can do that because we're offering much more than just the merchant services."

Finally, he says, because the merchant is getting an entire POS solution for their business, attrition rates are very low compared to deals involving merchant services alone. "I'm in this business to build recurring revenue," he says. "Selling Harbortouch allows me to do that easier and more effectively than with any other payment company."

ABOUT US

Harbortouch is a leading national provider of touch screen point of sale (POS) systems and payment processing services. As pioneers of the “as-a-Service” model, Harbortouch offers an unprecedented “free” POS program that allows the company’s sales partners to offer a full-featured POS system with no up-front costs. The company’s Certified Harbortouch Reseller Program enables VARs to take a more hands-on approach to their deals in order to earn even more money. For more information about Harbortouch, visit www.htresellers.com or www.harbortouch.com.

MISSION STATEMENT

Harbortouch’s primary goal is to provide exceptional service and value to our customers. Our merchant customers are the lifeblood of the company and our success is completely dependent on their satisfaction. Every decision we make must reflect the importance of preserving these relationships. As a company, we must always strive to provide our customers with the best possible experience with both innovative technology and sincere personal attention.



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