

Field Guide Seminar



**Riches in Niches:
Winning Where the
Margin is Better**

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Welcome

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Niches to Riches

<u>NICHES</u>	=	<u>RICHES</u>
* Less Competition	=	Higher Margin
* Requires Unique Knowledge or Expertise	=	Higher Margin
* Technological Advantage	=	Less Attrition
* Financial or systematic Bond with Merchant	=	Less Attrition

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Niches Can Be Learned

Become an expert in a vertical market:

1) Medical offices	6) Airports	11) Municipalities	16) IPOS
2) Agent Banks	7) Kiosks	12) Day Care Centers	17) AutoDealers
3) Non-profits	8) Fast Food	13) Bus-to-Bus	
4) Taxi Drivers	9) Office complex	14) Governmental Agencies	
5) Stadiums	10) AFD's	15) Mobile Merchants	

Get to know influential people:

1) Trade groups	5) Accountants	9) Real-Estate Agents
2) Politicians	6) Payroll Providers	10) Local Printers
3) Bankers	7) Chamber of Commerce	11) Advertising Companies
4) VARS	8) Rotary	12) Financial Advisors

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Niches Can Be Bought

Integrate your processing solution with an industry's software:

- 1) Elavon's Auto Parts Distribution Channel
- 2) Cam Commerce's X-Charge Product
- 3) Official Payment's Government Solution
- 4) Intuit's integration with Innovative Merchant Services (IMS)
- 5) Heartland's affiliation with payroll processing
- 6) Mercury Payment's affiliation with Integrated Point of Sale systems

Pay a Residual Stream or Finder's Fee to Referring Partners:

- 1) Non-profits
- 2) Associations
- 3) Family & Friends
- 4) Agent Banks
- 5) Church Groups
- 6) ISP's

Niches Can Be Created

Provide for an amount of a Merchant's Processing to be Donated to a cause or Non-Profit Group.

- 1) Solidifies merchant's connection with your service.
- 2) Provides enhanced advertising for you.
- 3) Allows you to differentiate your service.
- 4) Will lead to referrals.

Tremendously Powerful Advertising!

Governments & Municipalities

EXAMPLES

- 1) Court Systems
- 2) County Offices
- 3) Power Company
- 4) Water Company
- 5) State Government
- 6) Federal Government
- 7) DMV
- 8) State/Federal Parks
- 9) Sewer/Garbage Co.

BARRIERS

- 1) Slow response to inquiries from decision maker
- 2) Changing Decision-maker/Changing priorities
- 3) Laws prohibiting Governmental entities from receiving payment for a "discounted" amount
- 4) Bureaucrats
- 5) Long Sale Cycle

Governments & Municipalities

OPPORTUNITY

- 1) Very stable merchants
- 2) Less concerned about pricing than contractual provisions
- 3) Little credit risk
- 4) Growing volumes
- 5) Un-tapped market

WHERE TO START

- 1) Talk to your processor
- 2) Understand Interchange for Government/Municipalities
- 3) Talk to your local elected officials
- 4) Visa/MC, Discover or AMEX Website

Integrated Point of Sale Systems (IPOS)

EXAMPLES

- 1) Micros
- 2) Aloha
- 3) Digital Dining
- 4) Shift 4
- 5) Aldelo
- 6) POS Prophet Systems
- 7) Squirrel Systems
- 8) POS Value Exchange

BARRIERS

- 1) Requires system reprogramming to change acquirers
- 2) Re-programming costs \$350-\$550
- 3) System intimidates some sales professionals
- 4) Some IPOS systems only sold through approved resellers

Integrated Point of Sale Systems (IPOS)

OPPORTUNITY

- 1) Reduction in hardware costs are making systems ever more affordable
- 2) Volume for merchants with IPOS systems is higher on average, than terminal merchants
- 3) Can compete effectively against "free terminal" programs
- 4) Not all sales professionals have an IPOS solution
- 5) Less Attrition

WHERE TO START

- 1) Talk to your processor
- 2) Pick an industry suited for IPOS
- 3) Pick a geographical location
- 4) Get to know IPOS dealers in your territory

Dynamic Currency Conversion (DCC) & Multi-Currency Processing (MCP)

EXAMPLES

- 1) Offering Card Present merchants the ability to allow their cardholders to pay in their own currency
- 2) Offering Internet merchants the ability to provide pricing and payment in the cardholder's currency

BARRIERS

- 1) Not all processors support DCC/MCP
- 2) DCC/MCP is a complex process
- 3) DCC/MCP requires specialized contracts and is uniquely governed by Visa/MC

Dynamic Currency Conversion & Multi-Currency Processing

OPPORTUNITY

- 1) Offering DCC/MCP increases merchant volume
- 2) Both DCC/MCP allow for a significant additional margin over normal residuals
- 3) Merchants are seeking this service
- 4) Merchants can make more money by sharing in the DCC revenue & by expanding their Sales.

WHERE TO START

- 1) Talk to your processor
- 2) Planet Payment, Elavon
- 3) Determine if your geographical location is right for this offering
- 4) Internet merchants

Merchant Cash Advance

EXAMPLES

- 1) Merchant Capital Source
- 2) Rapid Advance
- 3) Advance Me
- 4) AmeriMerchant
- 5) Fast Capital
- 6) Fast Funds
- 7) Express Capital Advance
- 8) Strategic Funding Source
- 9) Advance America

BARRIERS

- 1) Requires Rider to Contract & Processor Acknowledgement Agreement
- 2) Merchant can not change acquirers during term of advance
- 3) Extremely steep interest rate

Merchant Cash Advance

OPPORTUNITY

- 1) Poor economy excluding many merchants from traditional loans
- 2) Merchant can not change acquirers during term of advance
- 3) Can sell an IPOS system (or other up sell) with cash advance
- 4) Provides immediate income to sales professionals

WHERE TO START

- 1) Talk to your processor
- 2) Consider industries with a low cost of goods sold relative to total sales
- 3) Make sure every merchant is aware of this service – so they know where to go if and when they need it

Gift & Loyalty Providers

EXAMPLES

- 1) Secure Payment Systems
- 2) GETI
- 3) First Data
- 4) Valutec
- 5) Tender Card
- 6) Electronic Payment
- 7) PrePaid Solutions

BARRIERS

- 1) Difficult to change processors when merchant has outstanding Gift Cards or Loyalty Cards
- 2) Customizing Gift Cards is tedious.
- 3) Some terminals do not support gift/loyalty applications.

Gift & Loyalty Providers

OPPORTUNITY

- 1) May be able to up-sell a new terminal
- 2) Allows for additional residual on the Gift/Loyalty processing
- 3) Allows you to better get to know your merchant
- 4) Reduces Attrition
- 5) ACH and/or check processing can be included

WHERE TO START

- 1) Talk to your processor
- 2) Visit the vendor booths
- 3) Understand which terminals are supported by your gift/loyalty provider
- 4) Niche stores
- 5) College towns

Petroleum

EXAMPLES (Pay-at-the Pump Terminals)

- 1) VeriFone Ruby
- 2) Gilbarco
- 3) Dresser Wayne
- 4) Radiant Systems
- 5) Pinnacle Palm
- 6) Petro Vend Fuel Controls

BARRIERS

- 1) Requires system reprogramming to change acquirers
- 2) Re-programming costs \$350-\$550 per location
- 3) Not all processors support the needs of a Petroleum merchant.
Specifically, WEX, Voyager & Pay-at-the-Pump terminals
- 4) Interchange for Petroleum merchants is significantly different than from other card present merchants
- 5) "Good-old Boy" Network

Petroleum

OPPORTUNITY

- 1) Number of unbranded stations are increasing due to added costs from operating under a brand name
- 2) Rising Gas prices equate to rising processing and increased bankcard revenue
- 3) Limited number of providers

WHERE TO START

- 1) Talk to your processor
- 2) Understand Interchange for Petroleum merchants
- 3) Convenience Store trade groups
- 4) VARS & Jobbers

High Risk Merchants

EXAMPLES

- 1) Travel
- 2) High Average Ticket
- 3) Adult merchants
- 4) Merchants on MATCH
- 5) MLM's
- 6) Foreign merchants

BARRIERS

- 1) Many processors will not accept these merchants
- 2) Higher Risk of Loss
- 3) High likelihood of merchant failure
- 4) Visa/MC Regulations
- 5) Reputation Risk

High Risk Merchants

OPPORTUNITY

- 1) Stable Merchants
- 2) Above average pricing
- 3) Less Competition

WHERE TO START

- 1) Talk to your processor
- 2) Join the MAC Group
- 3) Discuss options with a High Risk Acquirer
- 4) Develop a connection with an overseas processor

Riches To Niches

Differentiate yourself

- 1) Bring bagels and coffee for your installations
- 2) Send Birthday wishes directly
- 3) Give your merchants referral business
- 4) Bring your merchants florescent light bulbs
- 5) Get a scooter – with advertising on your helmet
- 6) Provide education on identity theft and protection
- 7) Offer to re-train employees on their processing system when they have turnover.
- 8) Mow their lawn
- 9) Anything –Just be different.

QUESTIONS/COMMENTS

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