



Bigger Bang for Your Buck

Value-added products can boost your bottom line

By Lisa Dowling

Need to maximize sales? Looking for the quintessential component for your selling tool bag? Then grab hold of the value-add products that are no longer a flash in the processing pan. These offerings have become staples of the marketplace.

For the uneducated or untrained sales professional, the list can be intimidating. Check guarantee and conversion, gift/loyalty cards, IP-enabled terminals, wireless, contactless readers, gateways, even cash advance—all are making big differences in bottom lines.

NPC offers a veritable buffet of value-adds that includes gift/loyalty cards, check conversion/guarantee and recovery, leasing, wireless product/services, Web-based reporting, Internet gateway solutions, a cash advance program, a prepaid card program and a special offering called Bonus Merchant Network—a nationwide group of local merchants interested in gaining new sales by supporting local schools and nonprofit organizations.

“The ability to offer a wide range of value-add products differentiates yourself from other bankcard professionals,” says Joe Natoli, senior executive vice president of NPC. “For years, value-adds have continued to evolve. There was a time back in the early ’90s when value-add products might have been an American Express or Discover card. Now, they’re part of the standard card offerings and are not a differentiator any longer.”

Natoli is a big proponent of value-adds, especially as they relate to profit.

“With the margins in certain market segments becoming skinnier, ISOs and processors are having to take value-adds more as a revenue stream than they once did,” says Natoli. “The

economics from value-adds are becoming more important because of the margin erosion of core products. From a standpoint of recurring profitability, value-adds are really helping to grow our industry in many different forms of electronic transactions.”

One of the biggest challenges in today’s competitive arena is merchant retention. Value-adds break through that barrier in a big way for acquirers, processors, ISOs and merchant-level salespeople.

“Value-adds make you become a better partner with your merchant and not just a provider of card transac-

making it easy to sell, then NPC is not interested in taking on the potential partner’s value-add product. In fact, Natoli says, the biggest challenge lies in the integration of value-adds into existing offerings.

“A lot of what I see in the industry today are offerings from processors that are not fully integrated into their systems,” says Natoli. “Many of our products are easily brought online through our boarding process. When we add something to the merchant offering, we automatically populate the right fields. That’s critical to successful value-add service.”

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— Joe Natoli, senior executive vice president, NPC

tions,” says Natoli. “If you look at some of the value-add products like gift/loyalty and prepaid, they make it that much more difficult for the merchant to unplug from you when you’re providing all these desired products.”

Despite having a diverse distribution channel, NPC enjoys great tenure with its sales professionals and offers extensive education and training when it comes to selling value-adds. Collateral material, in-house marketing, webinars, on-site training, tri-party brochures and private labeling are all part of the comprehensive training package for NPC’s value-adds.

Education plays a big part in the value-add selling process at NPC. If there’s not emphasis on training and

NPC offers certain value-adds to smaller and start-up merchants, such as check services and cash advance. For merchants that have a Web presence and good marketing strategies, NPC steers them toward its gift/loyalty and Bonus Merchant Network programs to meet their special needs.

“There’s also a need for good check products, and that particular segment is really growing today with ACH products, electronic conversion and Check 21,” says Natoli.

“On a larger scale, sales organizations are all different, and if you understand your distribution channel, then you realize that not every product will be embraced by every sales organization. If you have a full suite of products,

you'll find those that will get comfortable and sell certain value-adds well."

Natoli believes value-adds represent an opportunity that will continue to evolve as the market and technology come together. He sees value-adds becoming an even more important part of everyone's offerings as the industry matures. However, Natoli stresses that unless you have value-adds in-house, you need to partner with a company that holds a long-term view of where the industry is headed so you can stay ahead of the curve.

Another merchant acquirer staying ahead of the curve is Total Merchant Services (TMS). With 75,000 merchants that process more than \$6 billion annually, you can bet that value-adds are part of this ISO's arsenal.

"We offer all the value-adds out in today's marketplace," says Matt Freedman, COO of TMS. "These spe-

"The more reasons that someone is doing business with you, the less likely they are to leave," says Freedman. "If you're just offering credit card processing and PIN-based debit, you're at risk of losing that merchant because anyone can do that. But if you're offering check guarantee/conversion or gift/loyalty cards, those products tie them tightly to you and they won't leave. The more services you give them, the more they'll stay put.

"Our value-adds make the barrier pretty high for someone to come in and steal our accounts, particularly the small processing merchants we focus on."

Freedman says smaller merchants require different value-add products and services than mid- to large-sized merchants. From TMS' experience, they're interested in check conversion with guarantee, contactless readers, wireless terminals and cash advance.

knowledge into a full suite of in-house, branded value-adds that include Secur-Chex check services, which offer verification and guarantee with traditional paper and electronic conversion; FirstPay.Net—an all-inclusive e-commerce solutions package with Internet gateway and mail order/telephone order virtual terminals; FirstAdvantage gift cards; FirstView online reporting; Merimac Capital—an in-house equipment leasing company; and even an interfacing government e-payment service called Govolution.

"Value-adds differentiate our agents in the marketplace and give them a competitive advantage," says Neil Randel, president/CEO of First American Payment Systems. "We can control the quality of service all the way through the process, and that is paramount. If we were using third-party providers, they'd be interested only in their piece of the equation. With our offerings, we control all aspects, and that puts us in a better position to service not only the merchant but the sales rep in the field."

Randel says the company's sales representatives have to manage only one relationship with First American to get access to all the value-add products and services. That's an advantage because it means a lower cost to manage one provider versus four or five relationships operating under different scenarios. That single relationship also supports merchant retention.

Randel believes all value-adds work well and are equally effective...if you know your merchants and their needs. Not everyone is a candidate for gift cards. Check conversion at the point of sale is retail-centric, while MOTO might not be for them.

"There really aren't major challenges to value-adds," says Randel. "The biggest challenge is getting the sales reps to understand them...and lead with them. If it is a little out of your comfort zone, get comfortable through education and training. Basically, you're leaving money on the table if you don't take advantage of value-adds." **TT**

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cial products and services enable you to close more deals. When we first got into the business 10 years ago, the merchants everyone went after were new. Existing merchants were set, and you didn't have anything different to offer them. Now, we have upwards of 6 million small businesses that are wide open for value-add products. Value-adds give the merchant more options and also give an agent a more effective approach to selling and closing more deals. Take cash advance, for example. A merchant may be happy with what they have, but we can offer them working capital. That's a powerful selling tool."

Combating merchant attrition is a major factor when it comes to deciding how to put value-adds on the front line. TMS is keen on keeping its merchants secure and knows that value-add products and services are a strong link in that security chain.

Freedman says sales professionals should lead with value-adds in their presentation. Merchants won't want to upgrade to new equipment if it's not going to offer more or different services. He recommends leading with a substantive offering such as check conversion—and feeling comfortable doing so.

"To successfully sell value-adds, you first have to understand how these programs work, what's involved with service fees, what equipment is needed. Agents must receive the proper training to sell these products."

According to TMS' recent data, its top-selling value-adds are check conversion with guarantee and wireless. Perhaps that's because TMS offers free equipment. Perhaps because TMS knows its market.

Another leading acquirer that knows its market well is First American Payment Systems. It has parlayed that