

## Electronic Transactions Association

1101 16th Street NW, Suite 402  
Washington, DC 20036  
202/828-2635  
www.electran.org

### ETA Executive Director

Carla Balakgie

### ETA Director, Communications & PR

Thomas Goldsmith

### Transaction Trends

Publishing office:  
Stratton Publishing & Marketing Inc.  
5285 Shawnee Road, Suite 510  
Alexandria, VA 22312  
703/914-9200

### Publisher

Debra Stratton

### Associate Publisher/Editor

Angela Brady

### Managing Editor

Josephine Rossi

### Art Director

Janelle Welch

### Contributing Writers

Lisa Dowling, Richard H. Gamble,  
Bryan Ochalla, Julie Ritzer Ross

### Advertising Sales

James Byles (202/973-6448)  
Gene Schuyler (703/286-5959)

### Ad Production/Billing

Carrie Wood

### Editorial Policy:



The Electronic Transactions Association, founded in 1990, is a not-for-profit organization representing entities who provide transaction services between merchants and settlement banks and others involved in the electronic transactions industry. Our purpose is to provide leadership in the industry through education, advocacy, and the exchange of information.

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*Transaction Trends* (ISSN 1939-1595) is the official publication, published monthly, by the Electronic Transactions Association, 1101 16th St. N.W., Suite 402, Washington, DC 20036; 800/695-5509 or 202/828-2635; 202/828-2639 fax. Postage paid at New Richmond, Wisconsin and additional mailing offices. POSTMASTER: Send address changes to the address noted above.

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## President's Message

# Mixed Picture on Growth Capital

Author and motivational speaker Napoleon Hill was fond of saying, "there is always plenty of capital for those who can create practical plans for using it." While that may be true in the big-picture sense, the day-to-day details of building capital to operate and grow a business aren't always so simple.

ISOs, like most small and mid-size businesses, are almost always on the lookout for the capital that can fuel their growth. But a ready source of capital on terms that make sense is an elusive quarry. That's especially true in the current U.S. economy, where lenders are more careful today than in the recent past, equity markets are frequently unsettled, and private investors are understandably wary.

For this issue of *Transaction Trends*, our writers and editors have taken a high-level look at the some aspects of the capital formation situation as it affects the sales organizations in the electronic payments industry. As you might expect, the picture is mixed.

The "Harvesting Capital" feature on page 18, for example, looks at both traditional and non-traditional funding sources for ISOs and their pros and cons. It turns out that traditional borrowing has become more expensive and more difficult, but still is an option for those who can qualify. Private equity deals are fewer and the terms less favorable, yet new ways to fund growth, including synergistic partnerships between companies who complement one another are on the upswing.

Our cover story finds that the downturn in private equity investing brought on by tighter, more expensive credit has opened the door to greater numbers of strategic mergers and acquisitions—those where the companies involved find they can better expand and compete in combination than they can separately.

And, of course, no focus on capital formation for ISOs would be complete without a look at what goes into valuing the sales organization's primary asset, the merchant portfolio. How important are things like attrition, diversification, or the skill of a sales force? Turn to this month's ISO Corner to find out.

Finally, this month we take one last look back at the ETA Annual Meeting & Expo on page 22. I hope it was a rewarding and worthwhile experience for everyone who took part.

Regards,



**Correction:** The article "Winning and Losing with Cash Advance" (*Transaction Trends*, April 2008) incorrectly indicated that First Annapolis is engaged by RapidAdvance on the topic of merchant cash advances. First Annapolis has no active relationship with RapidAdvance. We regret the error.

Tell us what you think  
about *Transaction Trends* and  
share your story ideas. E-mail:  
jrossi@electran.org