

# Improving the User Experience

*ETA ISO of the Year Merchant Warehouse puts its stock in low prices, quality agents, and current technology*

By Bryan Ochalla

In the mid 1990s, Henry Helgeson worked as an independent contractor for United Processing Corp. in Somers, New York. "I was going door to door, selling dial-up terminals and printers for about \$1,200—or about \$39 a month as a lease," he remembers.

Helgeson knew the products were overpriced, but he also understood that he and his fellow contractors were part of the reason why. "Salespeople like me drove up the cost of acquisition," he says. "I knew there had to be a better way to do it—to get these products out to people, but at a more affordable price."

## Getting Started

Helgeson's colleague, Scott Zdanis, shared that opinion, so in 1998 they quit their jobs and started the Web-based Merchant Warehouse, where they are now co-CEOs. "We could see that the Internet was going to be the next big thing, so we decided to reach the market that way,"

he says. "Basically, we threw the Web site up and expected the phone to ring. Of course, it didn't—at least, not right away."

But the company's main selling point eventually attracted customers: "Our model was to lower the cost of acquisition and pass the savings on to the merchant," says Helgeson, who also is president of the Boston-based company. "As a result, we were able to work with some volume—not just the 10 to 12 accounts a month we worked on in the past."

Over the years, the company has evolved its business to include inde-

pendent contractors. "Nobody can close a deal better than someone who is sitting across the table and can push the paperwork to the merchant and ask them to sign it," Helgeson says.

## Staying Current

The company has adapted to the ever-changing market in other ways, too. Although dial-up terminals were the product du jour during the early days of Merchant Warehouse, Helgeson believes their days are numbered.

"Computers have become so cheap and merchants have become so computer-friendly that there isn't going to be a need for stand-alone, dial-up credit card termi-

**"We've really pressed our staff to think about other avenues we can take, other ways we can help our customers."**

— Henry Helgeson

nals much longer," he says. "That means the legacy model of 'Let's sell credit card terminals as cheaply as we can' isn't going to work much longer, either."

As a result, the company already is preparing for integrated point of sale, which it sees as the future of the payments business. It has partnered with outside players and developed an in-house team that specializes in integrated POS systems.

Although keeping an eye on the horizon has served Merchant Warehouse and its crew of 140 employees well, employees are not resting on their laurels. The company recently released its MerchantWARE Mobile product, a mobile POS software application that allows merchants to accept credit and debit payments using Apple iPhone and iPod touch devices. (It's also available for Blackberry and Windows Mobile products.) The company's BINsmart Cost Manager, a product that automatically prompts the customer with the lowest cost-clearing option, is another example.

"Agents love it because they're no longer talking about rates; they're talking about a smarter way to process transactions," Helgeson says. "It's all about creating value for merchants and improving the user experience. We want [merchants] to look at our products and see all the ways they can meet their needs. If we can get them to think that way, they won't move on to the next guy and ask for five basis points lower like they do now."

That kind of thinking outside the box can be rewarding, but Helgeson admits it can be a bit draining, too. "What's the next product?" is a question that's always being asked around here," he says. "We've really pressed our staff to think about other avenues we can take, other ways we can help our customers." **TT**

*Bryan Ochalla is a contributing writer for Transaction Trends. Reach him at bochalla@yahoo.com.*



**"It's all about creating value for merchants and improving the user experience."**

— Henry Helgeson