

Success Through Expansion

Constant focus on growth keeps TransFirst steady and strong

By Bryan Ochalla

Although Thomas Rouse founded Dallas-based TransFirst as ACS Merchant Services in 1995—and acted as its chairman and CEO until 2007—for the first five years it “was just a few people working out of a garage and then a small office,” says Andrew Rueff, who joined the company in 2000 and now is senior vice president of corporate development.

During those first few years, growth was limited to “adding agent banks wherever we could and outsourcing almost 100 percent of what we were doing,” adds the former vice president of mergers and acquisitions for Atlanta-based processor Nova Corp. (now Elavon).

Building to scale

Shortly after Rueff joined the fold, the company underwent its first major growth phase. “That’s when we decided to go out, raise some capital, and start looking for acquisitions that would help us build scale,” he says.

Rouse, Rueff, and their colleagues started by raising \$135 million from Chicago’s GTCR Fund VII and then changing the company’s name to TransFirst.

“From then on we focused on identifying acquisitions that would add significant scale to our existing operations or would put in us in a new niche market,” Rueff says.

Since then TransFirst has acquired or merged with nine companies, including:

- MoneyTree Services, which added 3,300 merchants and \$350 million in processing volume
- PulseCard Inc., which added \$500 million in annual processing volume and vertical expertise in the health services transaction processing industry
- Bank of America Merchant Services Inc., which added \$3 billion in annual sales volume—significantly increasing the company’s total share of agent bank merchant processing.

Focusing on ‘one platform’

In 2007, shortly before John Shlonsky replaced the retiring Rouse TransFirst entered its second growth phase when it was acquired by Welsh, Carson, Anderson & Stowe, a private equity investment firm in New York City.

“We knew they would be able to take us to the next

level,” says Shlonsky, who left First Data to become president and chief operating officer of TransFirst in 2006.

Reaching that goal also required retraining many of the company’s 778 employees. Since partnering with Welsh, Carson, Anderson & Stowe, employees are now focusing on “integrating, from both an operations standpoint and a technology standpoint, all of these companies that we acquired and merged with over the past few years,” Shlonsky says.

“We spent the last two or three years focusing on growth, and now we’re ready to make a big push into this space again,” he adds.

“Our first growth phase was all about building size and volume,” explains Rueff, “but in this phase we’re all about providing products and services to the market that are considered ‘best in class.’ We’re still looking at acquisition opportunities, of course, but in this phase of our growth we know it is critical for us to focus on becoming a ‘one platform’ company and offer a compelling set of products to our customers.”

In addition to the latest payment processing technologies, TransFirst, which serves more than 160,000 merchant customers and boasts an annual transaction volume run rate of approximately \$30 billion, offers customers a number of specialized proprietary products and solutions. Transaction Central is a Web-based, centralized payment processing system that allows merchants to perform local and national processing 24 hours a day. Translink, a comprehensive Web-based reporting system, helps merchants manage their credit card processing and delivers 24/7 access to a variety of merchant services, merchant bankcard solutions, and portfolio reports. The company also offers Merchant Cash Advance, which helps customers grow their businesses with working capital (of up to \$150,000 per location) from TransFirst.

Shlonsky believes the company’s diverse mix of products and solutions—and verticals—will not only help TransFirst continue to grow well into the future, but keep it insulated from economic downturns such as the one we’re currently experiencing.

“We’re very healthy,” he says. “We’ve invested more than \$35 million in hardware, technology, and other resources in the last two years, all in an attempt to give TransFirst the facelift it needed to put its best foot forward in this marketplace, and I think it’s safe to say we succeeded.” **TT**

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