



White Paper

Wireless Selling Secrets for ISOs and Agents

Overview: Selling wireless payment processing can be confusing and difficult for both new and experienced agents. What's the return on investment for focusing on wireless? This paper will help you sort through the "why" and the "how" of successfully selling wireless payment solutions.

We believe the wireless market is poised to explode over the next few years. Agents who can lay the groundwork now will be well positioned to reap substantial benefits as the market develops.

If you would like to talk to someone about the details of the wireless market, we'd be happy to share our experience, provide free advice, and answer any questions you have. Just call our ISO/Agent relationship manager Roy de Souza at 713-735-5532, or you can contact me directly at the phone number or e-mail address listed below.

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March, 2009

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Wireless Selling Secrets for ISOs and Agents

Focusing on wireless payment processing isn't an obvious choice for many agents in the merchant acquiring business. For experienced salespeople, the traditional, tried and true methods that focus on landline POS equipment work just fine: give the terminal away to get the processing, drop off the "plug-and-play" terminal, and it's off to the next sale. For salespeople new to the business, a profitable and overlooked niche like wireless may come to mind, but there are so many questions, they may find it easier (at first) to fight over the same ground of traditional landline business that everyone else is fighting for.

But the trends in wireless can't be ignored:

- The Tower Group predicts that by 2009 one in every four terminals delivered in the U.S. will be wireless.
- In 2004 terminal manufacturers shipped 783,909 wireless units, up 33.5% from the prior year.

The business need

Millions of businesses operate in an environment where a traditional countertop payment device isn't feasible. Examples include residential services such as heating, ventilation air conditioning (HVAC) companies; plumbers; pest control; airlines; food delivery services; curbside "to-go" services at casual dining restaurants; and many others.

Without a wireless POS solution, these merchants are at a disadvantage.

- They may write down incorrect credit card numbers.
- They may carry credit card receipts in service trucks for long periods of time, leaving data at risk for theft or loss.
- They may incur higher fees by calling in "card-not-present" transactions to their home office.

Advantages of wireless

Given the problems of taking payments away from the office, wireless solutions offer some great advantages. Using a wireless solution makes taking credit cards cheaper, safer and more efficient.

- Merchants who previously couldn't accept credit cards now can
- Merchants pay lower discount rates due to swiping the card
- No power needed (good for trade shows, taxi drivers, sidewalk sales)
- Merchants can easily expand checkout lanes and remote promotional sales
- No phone lines required or phone line installation cost
- Reduced risk of taking a bad card

The technology

There are a number of mobile communications standards used in the US such as CDMA (Code Division Multiple Access) and the GSM family (Global System for Mobile communications), which includes many standards such as GPRS, EDGE, and UMTS. When selling a wireless solution to a mobile merchant, more sophisticated users may ask what network technology is used, or what platform the device runs on.

In most cases, however, it makes no difference to the merchant. After all, how many people can name what mobile communication standard their cell phone uses? The ability to make a call or send a text message is all that matters. So it goes for selling wireless.

The important things to stress when talking about wireless are:

- The wireless device works just like your cell phone. If your cell phone can get a signal, so can your payment device.
- It's not satellite-based. There must be a cell signal to process a transaction.
- If there's no signal, most devices allow "store and forward." The transaction is stored on the device until it finds a signal, then it forwards for processing.
- Wireless devices use powerful encryption technologies to protect sensitive transaction data. Transactions are safe and secure.

Many of the wireless vendors bundle service from a major carrier (e.g. Sprint, Cingular, or Verizon) and offer value-added products, such as signature capture, report generation, activation and help desk support into their total offering.

Where to sell wireless

There are many segments that are good targets to sell wireless payment processing. A few examples are:

- Delivery & Distribution Companies
- Plumbers & Electricians
- Towing & Locksmiths
- Heating & Air Conditioning (HVAC)
- Messenger Services
- Taxi & Limousine Companies
- Tool Trucks
- Window & Door Installation
- Carpenters & Home Maintenance
- Furniture Delivery
- Lawn & Pool Services
- Bike Rentals
- Stadiums & Arenas
- Amusement Parks
- Concert Pavilions
- Park & Recreation Centers
- Farmers Markets
- Flea Markets
- Marinas
- Golf Courses
- Colleges & Universities
- Raceways

Tips for selling wireless

Before we consider tips for selling wireless, let's figure the return on your investment for focusing on the wireless segment. That was a big list of potential target market segments, so the best thing to do is test a couple to see what works best for your interests and your geographic area.

One wireless device manufacturer tested paper-based direct marketing campaigns to the plumbing and HVAC segments since these segments tend to generate multiple unit deals (one unit for each truck in the field) and tend to charge at least \$5,000 per month per truck.

The company generated these results over an eight-month trial period:

- 1% response rate (10 direct inbound calls for every 1000 letters sent)
- Two closes from the ten inbound calls
- Average deal size of 4 terminals

You can easily find your own lead source, write your own letter and do a similar mailing. With the right pitch, you could sell about 8 terminals for each \$500 to \$600 you spend on marketing. Think about the rate of return on the direct mail. Say you make \$100 margin on each terminal you sell—that's \$800 up front. Beyond that, you'll make around \$20 **per terminal per month** from processing, wireless bandwidth resale fees, transaction fees, and other value added services you sell. If you call your prospects to follow up on the mailing you sent them, your response rate will be even higher.

This is why the wireless niche can be so lucrative. Yes, it's harder to sell than standard landline accounts, but it can be worth much, much more to your portfolio since it's often a multiple unit sale.

The main difference in selling a wireless account is that often it may be viewed as a "nice to have" and not a "must have." If a merchant opens a new convenience store, for example, there is generally no question as to whether he will need to accept credit and debit cards at the point of sale. He will be bombarded by offers for "free" equipment and sometimes deceptively low rates. Aside from the fact that nothing is free, that's a tough battle to win.

A plumber or HVAC contractor, by comparison, is probably not using any device to take payments in the field. That's the good news, because you can offer him a wide range of wireless payment solutions to process credit cards or even checks at the customer's home. The main challenge you have to overcome is to convince the contractor to change his business process.

Yes, he can continue to do things the old way. He can still call in the numbers to the home office, but how much time does that waste? How much more expensive is his processing by not getting card present rates? Yes, he can still write down the card number on an invoice and process it back at the office. How often does he get the number wrong? Has data ever been stolen from his truck? How does he know the card is good?

You can overcome the inertia of old business processes, but you have to change how you sell. You must become a consultative seller. You must become the expert on wireless payments as you communicate the benefits of moving the transaction closer to the customer, not the person who drops off a wireless unit. You should view yourself as selling a solution to the merchant's problems, not as a reseller of wireless terminals.

Moreover, and this is the most important thing, you must absolutely make service and education your number one priority if you want to be successful in the wireless space. If you simply drop off the terminals and then wave goodbye as you head for the door, you will fail.

Since you are changing a merchant's business process, they are going to have questions on how to use the terminal. You can't just rely on the manufacturer to provide the training. However, the manufacturer's site or customer service group are often good places to start. They often have downloadable materials, videos, and live training schedules to help merchants better understand the equipment.

The hour you spend with the merchant at the time of sale will prevent ten hours of hassle down the road, and will encourage the merchant to maximize the use of the terminal, which is nothing but good news for your residual.

The wireless market is poised to explode over the next couple of years and the agents who focus on it now to create a niche market will do very, very well. Everyone else will be left to fight over the old ground using the old methods.