



The Green Sheet

The Financial Services Industry Source for Education, Inspiration and Actionable Advice

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ISO/MLS benefits:

- Product differentiation
- Customer loyalty
- Capital to build the ISO's business
- Upfront and residual commission plans
- Lead generation and co-marketing programs

Banking on the Future

"Every smart salesperson knows this; you don't risk the loyalty of your existing customers by partnering with a new company that does not know how to service and retain customers, or that has hidden factors that negatively surprise customers."

—Nathan Warshaw
Senior Vice President, Sales
AdvanceMe Inc.

You've probably heard the saying, "You gotta have money to make money." This is true most of the time. But, what if you don't have money? How do you get funding to invest in your business so it can grow and flourish?

Your first thought is probably to obtain a bank loan. However, for many businesses, including ISOs and the businesses that they serve, traditional lenders such as banks or credit unions are not the answer.

These companies may have attempted to secure a loan but failed. Perhaps the company lacks collateral or is new to the industry. Maybe it's a small business in which a bank doesn't wish to invest time. Maybe the industry is one that a bank believes is inherently risky or otherwise unworthy.

For other businesses, obtaining funding from a traditional lending institution simply seems like too much of a hassle. The headaches, paperwork and time required to secure a bank loan takes too many resources away from running the business.

Now there is a way for merchants to obtain funding that is easier and more successful than loans from banks or other financial institutions: through companies such as AdvanceMe Inc. (AMI).

AMI's product is similar to factoring, but it purchases sales that have not yet taken place. AMI provides working capital to small and mid-sized businesses. There are no loan payment books, long applications or extended waits for a decision.

Turning Future Sales Into Cash

AMI differs from traditional loan sources in that it purchases a portion of the business's future credit card sales in exchange for an upfront cash purchase price. "We turn an asset that is not normally recognized, a future credit card sale, into cash today," said Nathan Warshaw, AMI's Senior Vice President of Sales. The purchased receivables are automatically retrieved, generally within 12 months.

"AMI provides an alternative way for small to mid-sized businesses to receive funding," he said. "AMI can help them build their businesses and manage their cash flow when unexpected opportunities, and problems, arise."

Since its inception in 1998, AMI has provided over \$450 million of financing to more than 11,000 businesses nationwide, including more than 100 well-known franchise concepts such as Domino's Pizza, The UPS Store and Super 8 Motels.

Businesses use the funds for a variety of projects, including opening new locations, remodeling, purchasing inventory and launching advertising programs.

AMI now has more than 175 employees in Atlanta and Scarsdale, N.Y., plus independent salespeople and organizations across the nation.

Its business has grown an average of 40% every year since inception, and it expects to exceed revenue of \$175 million by the end of the year.

Entrepreneurs who had first-hand experience with successful businesses that encountered difficulty securing funding from traditional financial institutions created AMI.

Those business professionals now serve on the company's Board of Directors. AMI's founders believed a history of credit card sales will accurately predict future credit card sales and business viability.

Not a Last Resort

AMI is quick to point out that this is not financing of last resort. Rather, it is a different way of providing funds to worthy businesses underserved by traditional financial institutions and lenders.

"Business owners are time-starved, they appreciate funding that is quick and easy," Warshaw said. "We have been told over and over again: business owners like this kind of financing because it is simple and painless."

Here's how it works. Merchants sell AMI a fixed dollar amount of their future credit card sales, at a discount. Through an automated process, AMI collects a fixed percentage from each sale, when the sale is settled. There is no set payment schedule; "payments" are made when sales are made.

"This product is unique. It's a purchase and sale, not a loan, so there is no 'interest rate,'" Warshaw said. "We have to apply concepts consistent with a purchase and sale, like retrieval rate and discount rate."

It is more like factoring, but of a sale that has not yet happened. We purchase the right to these future sales. We retrieve them through the credit card processor so there is no monthly check to write, no possibility of forgetting a payment."

The AMI funding process is much faster and easier than with a traditional lender. There is no application fee, funding decisions are usually made within 24 hours, and only four months of credit card processing statements are needed.

"By looking at four months of history and credit card receipts, we can accurately predict what the business's credit card receipts will be in the future," Warshaw said.

"We give a business cash today in exchange for the purchase of a portion of those receipts."

This product looks primarily at the business, not the owner, to evaluate funding eligibility. A merchant receives cash in 10 to 14 business days after AMI approves the application.

Warshaw explained how AMI's collection methodology aligns with the merchant's cash flow: "Our funding aligns with the business's revenue stream," he said.

"We get paid when they get paid. If you have a business that is closed on a Monday, we don't retrieve on a Monday.

"And we don't make up for it on Tuesday. The percentage we retrieve always stays the same. We ebb and flow with the business, so it is cash-flow friendly, especially during seasonal slow periods."

Warshaw said AMI approves businesses in industries that banks often reject. "There are viable businesses that are rejected for funding because they are in an industry that is perceived by banks as risky, even though they are profitable businesses," he said. Approximately 90% of the deals that go through AMI's credit scoring model are approved.

Setting the Bar

AMI reports that it has served more customers, longer, with more and larger fundings than any other company: more than 11,000 customers served and over \$450 million in revenue.

"AdvanceMe is the leader in the business," Warshaw said. "We have set the bar, as well as established best practices. There is no one else that has the expertise we have or the resources we can provide, to our customers or ISOs."

More than 75% of eligible AMI customers decide to obtain additional fundings with AMI. For these repeat customers the process is even faster. "For the 75% of customers that accept another funding, the money is available in 24 to 48 hours," Warshaw said.

Working With ISOs

AMI works in partnership with ISOs to help their merchants secure funding. "This product is a perfect complement to the processing services that many ISOs and MLSs are selling today," he said.

AMI understands ISOs. It knows that for an ISO to present a new product or service to an existing client base, the product must be valuable and reliable.

"Every smart salesperson knows this; you don't risk the loyalty of your existing customers by partnering with a new company that does not know how to service and retain customers, or that has hidden factors that negatively surprise customers," Warshaw said.

That is part of the reason why AMI has invested significantly in its customer service for both merchants and ISOs. The ISO

support staff is available by phone or e-mail from 8:00 a.m. to 7:00 p.m. during the business week.

The merchant customer service team is available weekdays from 8:30 a.m. to 6:00 p.m. Both merchants and ISOs can review their accounts on a secure online site 24/7/365. Paper statements are sent to merchants monthly. ISOs receive commission statements when they are paid, weekly for upfront commissions and monthly on residuals.

AMI works with ISOs to help increase their business. "AMI is a true partner with its ISOs," Warshaw said. "We have the resources to help our ISOs build their businesses.

We provide them with capital that they can invest in their businesses, lead generation tools, co-marketing programs. "We even give equity in AMI for high performers.

Our commission structure provides large upfront commissions as well as residuals that can last two years or more."

Also, when a customer returns for another funding, as 75% of their customers do, the salesperson who brought in the account the first time receives the residuals. The company also pays commissions for signing up additional salespeople. "We are a sales focused


culture," Warshaw said. "We believe that for us to win, everyone must win."

AMI also offers rewards for referrals. Its partner program rewards current customers, sales professionals, vendors and organizations that supply AMI with referrals.

In addition to a percentage of the deal, specific benefits accrue to the referrer: credibility, closed sales and retained accounts. For a variety of reasons, some businesses are either unable or unwilling to obtain a loan from a bank. But, that doesn't change the fact that they still need funds to grow their businesses.

"Every business needs working capital at one time or another, especially businesses that are traditionally underserved by other financial institutions," Warshaw said.

With AdvanceMe, such businesses can secure the funding they need without the hassle. And ISOs can benefit by bringing AMI's products to their client base.

"We help ISOs by providing a door opener to new prospects and a way to strengthen the loyalty of existing customers," Warshaw said. "Most of all, we do what we promise, period." 

ADVANCEME, INC.TM

"financial solutions to Advance your business"SM

THE LEADER IN CREDIT CARD RECEIVABLE FUNDING

Nobody Comes Close...Nobody

Their Pitch May Sound Good, But This Is What "Best in Class" Looks Like

AdvanceMe, Inc. (AMI) is the nation's leading provider of credit card receivable funding to small and mid-sized businesses. Since 1998, over 13,000 businesses in all 50 states have trusted AMI for fast and easy funding—over \$550 million in capital to date. Plus, state-of-the-art capabilities that support you, and your customers:

- Unsurpassed availability of capital to fund every qualified deal—**
Up to \$1,500,000 funded every day
- Ability to fund a variety of businesses—**
500+ industry codes, a broad spectrum of FICO scores
- Highest approval and retention rates in the industry—**
3 out of 4 eligible customers return for additional needs
- Experienced sales support and customer service—**
So sales people can focus on selling
- Upfront commission checks paid out weekly—**
Guaranteed



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