



Why Choose Vindicia CashBox™

By: Gene Hoffman, CEO

Introduction

When conducting business online, determining how you will bill your customers is the most strategic decision you will make. It is key to the customer experience, and therefore, to the success of your product or service.

However, the art and science of implementing, managing and scaling your payment infrastructure can be overwhelming. It is also typically outside the domain expertise of any online business. Vindicia's founders have the unique perspective of successful pioneers in *selling* intangible downloadable music in an environment where superior products were *given away for free*, allowing us to offer you proven products and services as you go to market. Let's step through the principles and strategies underlying our integrated billing and fraud management system.

Customer Acquisition and Retention

At Vindicia, we are obsessed with removing artificial limits on customer acquisition. We've built tools that allow you to really address fraud - especially as it impacts services with high margins or recurring revenue. Too often we see merchants with either no fraud protection or too much fraud protection. Our front-end fraud tools address initial transactions with an adjustable but light touch, and are built to be paranoid of false positives.

We also have built the only product that gives merchants real-time data about friendly fraud risk, which tends to be the majority of actual fraud faced by high margin or recurring billing merchants. It allows merchants to ask for less customer information from known "good" customers during the sign up or check-out process. Every major data element you ask for when a customer is making an impulse purchase can cost you 20 percent of your potential sign ups, so we offer tools to short circuit the buy process for your best and least risky customers. We consider it the positive flipside of managing your fraud screening.

We understand that recurring billing businesses have two customer pipelines - new customer signups and existing customer renewals. Because of this, we are constantly thinking of ways to reduce customer attrition. We implement a paranoid system of recurring billing that doesn't take "no" for an answer. Our system will retry a declined transaction as many as four additional times depending on the recurring billing frequency.

Further, we implement card updater or equivalent programs for the payment methods we support. We understand that a 3 percent change in your monthly retention translates to an annual compound increase of 42 percent yearly. This drives us to spend real resources on understanding and managing chargebacks. The fraud management capabilities of CashBox allow you to be very aggressive on customer acquisition while protecting you from breaching the limits on chargebacks.

We also want to help you learn from your chargebacks and understand why customers might be confused in the acquisition process and why they are leaving. Closing the full circle of campaign-to-transaction-to-billing-to-chargeback through automated chargeback management will help you retain more and better customers, and the real data - both yours and from the network of merchants using Vindicia - continuously informs front-end fraud screening.

Merchandising Flexibility

We've learned that when you are running a recurring billing business, your overall pricing plans and product descriptions matter. If you initially roll out a single "payment method required" trial program with two price points and two tiers of service, you'll quickly want to test a new

plan with a few changes here and there. In no time you'll be supporting hundreds if not thousands of different pricing plans.

CashBox simplifies the entire merchandising process and allows you to offload the support and management of ongoing testing from your technology team to sales and marketing. We make the customer communication in diverse pricing plans easy and give you the tools to pitch upgrades and sidegrades (alternate plans of equal value), and use downgrades to retain potentially exiting customers. Additionally, Vindicia is adding tools to allow you to selectively force sidegrades for less profitable customers while leaving more profitable customers in grandfathered products and plans.

Managing Your Payment Infrastructure

We also take two major headaches out of your technology infrastructure.

First, we focus on the best-of-breed payment methods and merchant acquirers. By connecting directly and natively to these payment methods and acquirers globally, we allow you to support the payment systems, currencies and partners who are most important to your market, best at what they do, and ideal for your business. Adding new payment types or methods is as simple as giving us your credentials with one of our supported payment partners and beginning to capture the required payment data from your merchants and passing it to CashBox.

Second, our founding team is from PGP® - a world-renowned maker of encryption products and services. We understand security and focus on creating a secure environment backed by yearly security audits to maintain a SAS-70 type 2 and PCI Service Provider Level 1 report. Because we are focused on the billing infrastructure, we take on the cumbersome aspects of those requirements like employee background checks, locked doors and video surveillance. Our employees understand that we must be secure on your behalf so that your employees are free to create and build your business.

Simple to Sophisticated Commerce Models

We want to make it easy for you to deploy sophisticated commerce models even if you thought your business would only be ad supported. Our solution enables you to create lasting online relationships with your customers in a way that advertising cannot. That's not to say we don't like advertising - we do - we just want to enable current and future commerce models that help bring new products and services to the Internet. It is why we were so passionate about selling downloadable music and why we are committed to helping you sell your products and services. We've likely tried most of the commerce models you would like to attempt, or we've supported a merchant who has. The ability to provide real world insight into your commerce model is one of our key differentiators.

However, our strength with sophisticated models is just as applicable for simpler commerce models. To make complex commerce models work, we've learned that we have to excel at the simple things. Even if you are selling in a well-known market or category, our offerings will do an excellent job - and often less expensively - while giving you a whole set of new options to test and try with low risks. Additionally, we've optimized our products and services to handle higher volumes and lower average selling prices so we can handle critical functions such as chargeback management and securely storing customer data professionally and at significant cost savings. This frees up your internal team to focus on core business functionality.

Finally, we've been securing and transacting very large amounts of customer data for very well known Internet brands for five years at Vindicia and for an additional seven years at eMusic and PGP previously. We've developed best practices over more than a decade in the business.

Conclusion

We believe that your customers are yours first, but we promise to treat them like our own in the ways you would want. You own your customer data and it will always be accessible to you (or anyone else at your request who is PCI compliant). We focus on making sure we're capturing revenue on your behalf at all times first and foremost. We also realize that the end-users who create friendly fraud and true fraud are detrimental to the social aspects of your product or service. We help our customers leverage our fraud tools to make their product or service more enjoyable for their good customers. That's one of the major reasons that we believe a fully integrated fraud, billing and chargeback management toolset is an absolute requirement for conducting business online.

Finally, we're thinking ahead to things like subscription fatigue and how virtual worlds or online platform integrations are going to impact your commerce models. We also are working on tools to share subscription customer revenues with other complementary commerce model offerings. We believe that enterprise products and services are going to be more impacted by what were once considered traditional consumer commerce models than vice versa. That has driven us to add tools like ACH-backed push or pull transactions, electronic invoicing and two-tier distribution model payment and billing management.

Choosing Vindicia CashBox is choosing a toolset developed by pioneering merchants for pioneering merchants. Leverage our experience, our powerful merchant network and our innovative technology to move your business ahead of the competition and **build online revenue**.

About Vindicia

Vindicia offers an integrated, on-demand billing and fraud management solution for online merchants. Vindicia CashBox™ is a best-of-breed billing system for creating and managing recurring and real-time payments and helps merchants improve customer retention and maximize profit. Vindicia ChargeGuard™ provides automated fraud screening and chargeback management services that enable merchants to recover lost revenue. A PCI Service Provider Level 1 company and SAS 70 Type 2 audited, Vindicia is a key payment management resource for some of the best-known brands on the Internet.