

THE GENDREAU GROUP REVENUE STRATEGISTS

Delivering revenues, not just strategies, to companies worldwide since 1989.



We are **REVENUE STRATEGISTS**.

We help clients maximize revenues and increase the value of their businesses.

We specialize in:

- Partner and channel strategies that maximize revenues and reach
- Finding untapped revenues by repurposing existing products and technologies
- Revenue Strategies to help clients prepare for merger, sale, or acquisitions

Our clients are high tech and services firms located in the US and abroad.

We have been in business since 1989.

We are located in the San Diego area.

First Virtual Significantly Enhanced Revenues and Strategy Prior to Acquisition

Among the four people who founded First Virtual in 1994 were two of the Internet's most influential technologists, Marshall Rose (famous for designing and implementing groundbreaking internet technologies including POP, SMTP, and SNMP*) and Nathaniel Borenstein (perhaps most famous for having developed the MIME** standard used for email attachments). The internet messaging company's goal was to become a leader in the facilitation of Internet commerce and other forms of interactive Internet communications. First Virtual marketed "a secure and easy-to-use payment system" called FVIPS. By June 30, 1996, the Company had processed over 208,000 FVIPS transactions and registered more than 2,150 merchants ("Sellers") and 160,000 consumers ("Buyers") in 166 countries.

The CFO at First Virtual hired The Gendreau Group to evaluate the company's credit card chargeback and fraud risk. First Virtual was founded at a time when most companies and individuals were still extremely wary of credit card purchases transacted via the Internet. At this stage in the development of internet commerce, credit card companies were not yet supporting online credit card transaction processing. First Virtual stepped in to become a trusted intermediary operating between early-stage online merchants and the credit card companies. Because many early online merchants sold products or services that did not meet credit card transaction minimums, First Virtual aggregated individual customer transactions on behalf of its member merchants, only charging these to the appropriate credit cards once minimums were met. First Virtual's CFO recognized that this billing model brought with it the risk of fraudulent chargebacks (credits) created either by the actions of unscrupulous merchants or end-customers.

The first task was to determine how to manage chargeback risk. Because chargeback risk posed a significant revenue leakage threat, an internal team was pulled together to develop transaction and billing management processes that properly reflected the company's risk profile. In addition to assisting in the design and implementation of highly efficient and cost-effective processes, we also contributed to First Virtual's success in negotiating and implementing the terms of an agreement with Payment Tech, then the primary processor of MasterCard and Visa payments. Through reduced fees, the credit card processor effectively gave First Virtual credit for assuming chargeback risk. To do this, we had to understand how to help First Virtual structure its merchant and customer services to proactively identify and manage service, delivery, and billing problems between merchants and consumers that might result in chargebacks to First Virtual.

Next, we supported the implementation of merchant support and end-customer services. We facilitated the development of a "virtual call center" strategy and the implementation of an inbound queuing system based on email rather than the telephone – a revolutionary concept at the time. This approach allowed First Virtual to create a highly cost-effective virtual team that could be located *virtually* (all puns intended!) anywhere in the world. Through this work, First Virtual better understood its markets and its core competencies in high volume Internet messaging. This effort contributed to the implementation of new services for new markets, thus helping the company evolve its service line from early offerings like "Joke of the Day" (no joke!) to services that supported more lucrative direct marketing, interactive advertising, banner ads, merchandising, subscriptions and renewals, bill payments, client response surveys and other forms of Internet communications.

First Virtual went public in 1996 (NASDAQ: FVHI), and was subsequently acquired by Softbank Holdings in 1998.

* **POP**: Post Office Protocol **SMTP**: Simple Mail Transfer Protocol **SNMP**: Simple Network Management Protocol
** **MIME**: Multipurpose Internet Mail Extensions