

THE GENDREAU GROUP REVENUE STRATEGISTS

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



CASE STUDY SITUATION

- Successful financial services firm was looking to grow revenues.

ENGAGEMENT GOAL

- To find new revenue opportunities that would align well with this client's goals and core competencies.

APPROACH TAKEN

- Research target markets to identify opportunities
- Evaluate the Business Case for pursuing opportunities identified
- Validate the Business Case through primary research
- Develop a detailed Business Plan for implementation

From Concept to Market-Validated Revenue Opportunity and Business Plan

CompuCredit Corporation (NASDAQ: CCRT) is a successful financial services firm that has traditionally provided credit card services to sub-prime consumers. To grow its business and continue providing value to shareholders, in early 2006 CompuCredit was evaluating new opportunities in business-to-business and new consumer services. The Gendreau Group, LLC, was engaged to assist with these initiatives.

In 1986, Timothy Gendreau, founder and principal of The Gendreau Group, developed the first real-time point-of-sale credit and decisioning application for use in retail telecommunications. For assistance with scoring engines, Timothy turned to Drs. John Coffman and Barbara Thornton, founders of Management Decision Systems (now the North American SCOREX unit of Experian). At that time MDS provided scorecards for most of the wireless telephone industry. Based on the success of their previous collaboration, Drs. Coffman and Thornton recommended The Gendreau Group as their choice for assisting CompuCredit in evaluating the business opportunities then under consideration.

Engagements for CompuCredit Corporation

Over the next seven months, The Gendreau Group completed the following engagements for CompuCredit:

- Market research to evaluate previously identified service concepts
- Completion of a business case describing a unique new service and its revenue potential
- Primary market research to validate the potential of the new service
- Development of a detailed business plan for launching this new service

Engagement 1: Market Research and Opportunity Identification

To structure the first engagement, The Gendreau Group began by clarifying the research objectives and by preparing a list of "burning questions" that needed to be answered through market research.

Work began with a scan of market verticals to identify the types of businesses that might benefit most from the kinds of services CompuCredit was considering or might provide. The Gendreau Group then took an in-depth look at selected verticals to examine how credit operates within those segments and to see if unmet needs could be found that might signal opportunities.

Analysis of research findings revealed rather quickly that the service concepts CompuCredit had initially been considering were unlikely to yield sufficient value to make them attractive business investments.

However, through comparative analysis of US and non-US markets, The Gendreau Group uncovered a surprisingly large area of unmet needs particularly well-suited to CompuCredit's core competencies and strategic objectives. This became the focus of the next engagement.

Engagement 2: Developing the Business Case for Unique New Service Concept

The Gendreau Group makes a clear distinction between a business *case* and a business *plan*. A business case is used as a vehicle for defining a business opportunity and for examining the value of that opportunity based on its market potential. If the case is compelling, The Gendreau Group then assists clients in deciding the best course of action for creating a business plan – one that specifies in detail what will need to be done to pursue the opportunity and how much investment will be required.

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RESULTS: Opportunities were uncovered.

Based on the unmet market needs identified during the first engagement, The Gendreau Group developed a business case around a new service concept specifically designed to leverage CompuCredit's unique capabilities. The Gendreau Group also estimated and sized the revenue potential for this new service and prepared a set of next-step recommendations.

After evaluating the business case internally, CompuCredit further reviewed the concept with a major global bank and potential underwriter. Impressed with the potential of the new offering, CompuCredit elected to move forward with next steps.

Prior to beginning work on the business plan, to maximize the potential value of the intellectual property associated with this new service, The Gendreau Group prepared and filed a provisional patent with the US Patent Office, thus providing the concept owners the benefit of the earliest possible filing date.

RESULTS: The business case proved compelling.

Engagement 3: Validating the Business Case through Primary Research

The Gendreau Group began the third engagement by identifying and selecting a primary research vendor to objectively interview decision makers about the merits of the opportunity that had been identified through previous research. Following a formal RFI/RFP process, Cogent Research of Boston, MA, was selected.

Work with Cogent was conducted in two phases: a qualitative research phase during which key decision makers representing target markets were interviewed at length to understand their perceptions of need and interest in the solution concept that had been developed, and a quantitative research phase during which data was collected for use in refining estimates of market size and revenue potential.

RESULTS: The business case was validated.

Based on analysis of the research results, The Gendreau Group was confident that the opportunity described in the business case was real and significant, and was able to recommend that CompuCredit proceed with the development of a detailed business plan in preparation for funding.

Engagement 4: Business Plan based on a Market-Validated Opportunity

To assist Drs. Coffman and Thornton in the development of a detailed business plan, The Gendreau Group provided the following:

- Pricing sensitivity analysis based on feedback obtained during primary research
- An updated analysis of total market size and revenue potential
- Recommendations for structuring pilot projects and the rollout of the new service

RESULTS: The business plan was detailed and actionable.

Status as of EOY 2006

In early December, the completed business plan was delivered to CompuCredit. Enthusiastically received, the plan was slated for a funding decision, pending review of other activities in CompuCredit's business development and M&A pipeline.

The Gendreau Group has since been approached to consider developing this new business entity through pilot stages with alpha and beta customers.