PAYMENT OPERATIONS GROUP

What Makes You Start the RFP Process?

Perhaps this article is aimed at Acquiring Banks, perhaps for merchants, but it may be meant for both. Let's talk a bit about RFP's (Requests for Proposal) – of all types.

In our experience, businesses do not ask questions about open market availability of service providers and options if they are happy and profitable with their current array of vendors.

> Requests for Information do not occur if a business has access to all products/information it needs.
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> Requests for Quotation do not occur if a favored vendor always works with their partners to provide best-value pricing and support in every engagement.
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> Requests for Proposal never occur if the current supplier has met the needs of their client.

Fun fact – In the last three RFP's with which we've been engaged, the incumbent provider has not been invited to participate. Interesting. Even though it would be easier for any merchant to stay put; even though it would be cheaper to leave the current infrastructure in place; even though it would be less effortful than building new relationships, when a merchant is ready to entertain options, they are demanding change. 'Not the same people', they say, 'even if they would have been the best, not the same vendor'.

The implications of that behavior speak volumes. I will grant you that this is not a universal fact. I will say, however, that if it happens even once, there is a reason – and I know of at least 3 – you know of more.

It is simple to identify reasons a merchant leaves one Acquirer for another. The reasons can be complex but usually boil down to price, service, and growth opportunities. I would refine this list to service. Period. Are you saying price doesn't matter? No. Are you saying growth doesn't count? Not at all. I am saying that the best service levels care for all of these factors.

Low service levels are an issue. No one is mad or bad or rude – they are just missing in action. This usually occurs when there is a low impact account, high support staff turnover, or too many accounts assigned to one "Account Manager". This is also the best method of being RFP'd out of a client. Merchants can easily feel forgotten or underappreciated. Merchants can grow but get no more support than when they were small. Merchants' volume can sky rocket and they see no price reductions. In short, after the contract is signed, support is needed to retain clients no matter the size; we never know what merchant will have 500% sales growth in a year.

Merchants are part of this problem as well. Some will state in all honesty that they do not need constant attention or don't have time for a face-to-face meeting every quarter. Some merchants have hard-working relationship managers that constantly try to get calendar time to no avail. Some merchants get offers of growth products or service reviews or recommendations only to receive the documents and never read them. It's common for a merchant to be focused on their core business only to wake up one day and discover they are years behind in caring for their merchant accounts.

This low service level is what many merchants seek to address when they start shopping for a new Acquirer. Whether they are the source of the issue or the vendor doesn't seem to notice their new needs, they claim to need something but are really looking for a quick fix to the years of neglect to which their processes have been exposed.

There are lessons and opportunities to be gained here.

1. Be the Merchant Processor that is invited to all RFP's – even those for your existing accounts. Open, warm, welcoming, and responsive banks make it easy for their merchants to reach out during times of change. Talk to your merchants – ask them if there were an RFP today, would you be picked? If not, why? What can you do?
2. As a merchant, do not let any vendor see you as a cash cow or a 'forever' client. If you feel you are not getting what you need from your vendor, ask them for exactly what you want. If you do not ask, they cannot guess. If you ask and they do not deliver, your question was truly answered and it's time to move on.
3. If a merchant asks an Acquirer to buy out a potential RFP, don't just hear price, hear that your merchant is ready to grow – with or without you – so step up everything!
4. If you are a merchant seeking a new provider, look at what you could have done to improve the prior relationship. Don't let the same flaws cloud your new relationship.
    a. Were you too busy for meetings or calls? Select a dedicated resource for the vendor or give the new vendor many contacts in many departments to help them help you.
    b. Was your pricing stale but your volume growing? Ask the RFP respondents to give you tiered pricing to acknowledge your growth over time.
    c. Was your service lacking? Explain that to the new vendor before the contract is complete. Include SLA's in your contract. Don't overreact or expect the new player to fall on your every move, just set expectations early.
    d. Did you need more processing than your old system provided? (Acquirers, this is where your support staff could have partnered with other companies to save the client.) Explain to the bidders where your areas of growth and support needed to be. Ensure the Acquirer's or ISO's roadmap aligns with yours. Some projects do not work out but others will and you can grow together.
    e. Merchants should always remember not to demand the kind of pricing or support that puts the vendor out of business. You both need be profitable to be partners. But do ensure your new pricing components match your value-add. Don't pay more for the 'Best Widget Processor in the Industry' if you

have no intention of using that service. Best-Value pricing is not lowest, it’s not luxury, it’s just what’s right for you.

And it’s all right not to go to the open market to get a new partner – stay where you are happy. But if you do go seeking bidders for your new deal, know what you need/want/hope for – and always be delighted with your choice.

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Sally Baptiste is a Payment Professional who now consults with merchants to empower their payment processing worldwide. As a Co-Founder of Payment Operations Group, she does offer RFP services for various merchants. If you would like to pursue an RFP or any payment engagement, contact information is provided below.

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