



# PROPAY KNOWS THE DIRECT SELLING INDUSTRY

*Four case studies that demonstrate how ProPay solutions can help Direct Selling companies grow revenues, reduce costs, and enhance payments.*

**PROPAY**<sup>®</sup>

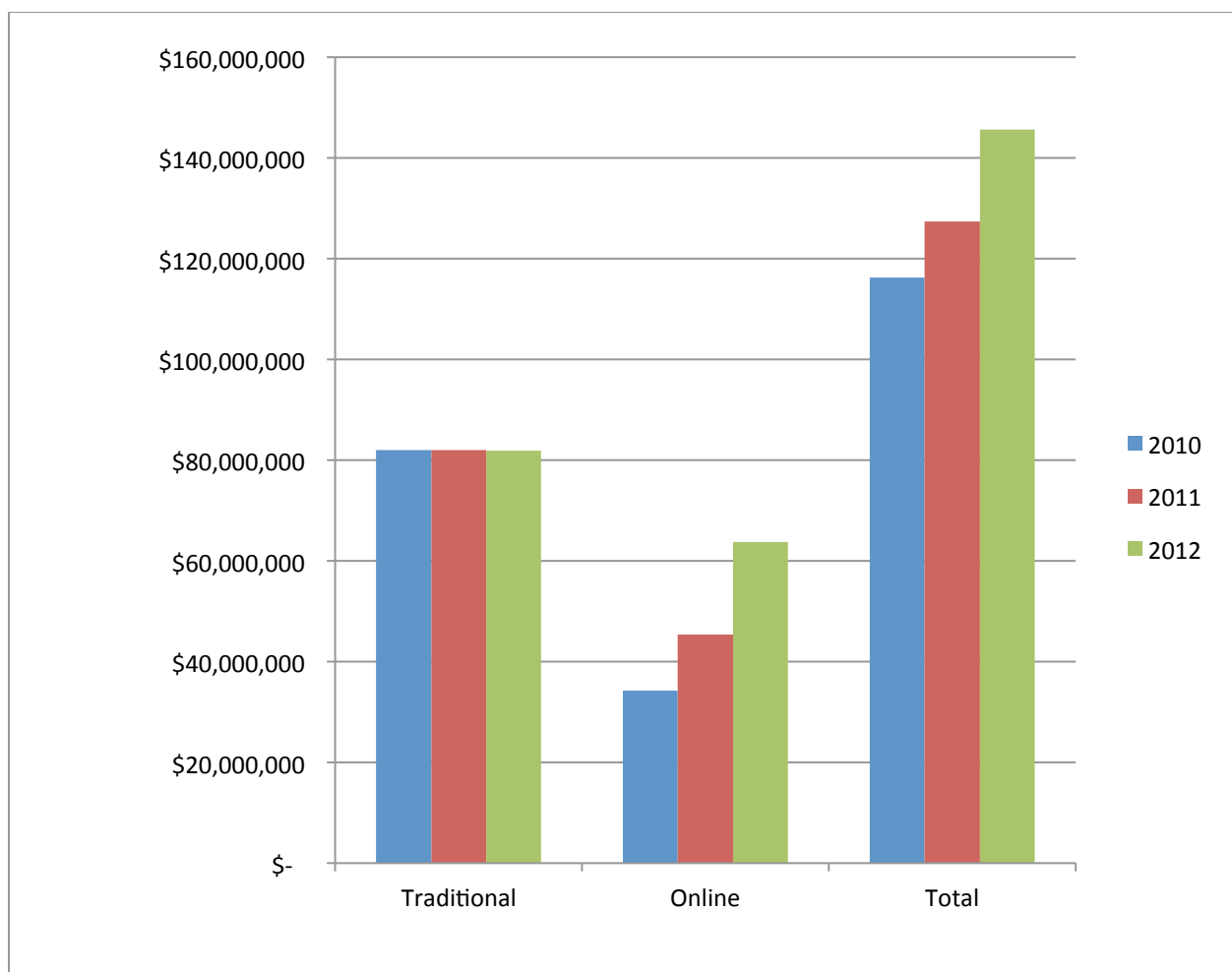
A TSYS<sup>®</sup> Company

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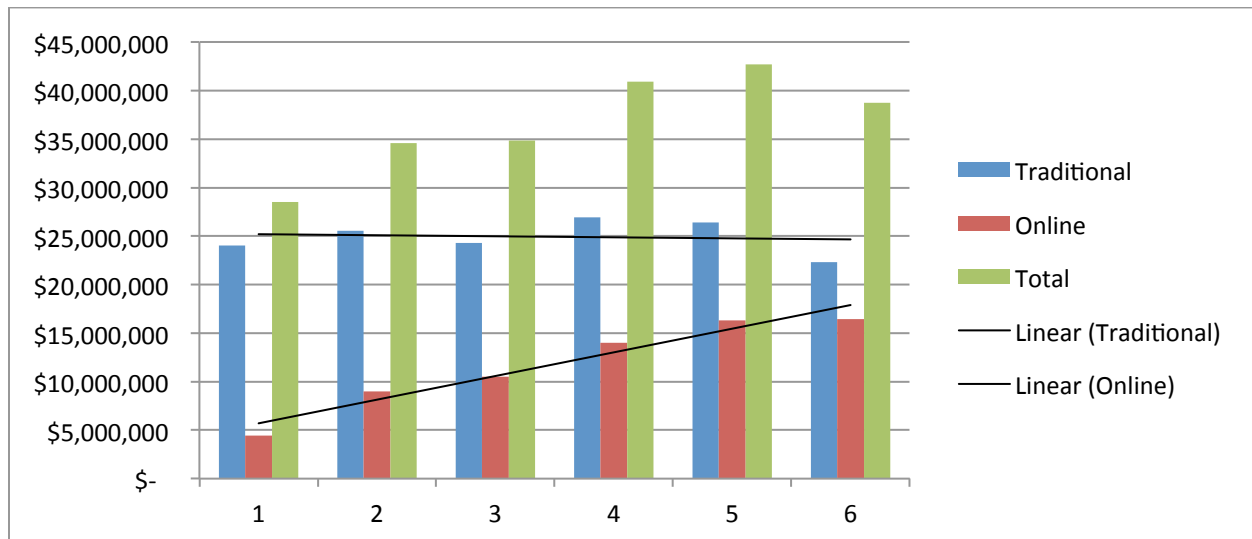
## Case Study #1: Replicated Personal Websites

Utilizing ProPay’s API’s, Company A, a Direct Selling Entity (DSE), has grown their retail credit card sales by approximately 25%, which equates to \$30 million dollars over the past three years. During this same period, non-online sales had a slight decline of approximately \$130,000. Thus, 100% of the \$30 million sales increase came from online sales (see figure 1 below). For this customer, the percentage of online retail sales has grown from 21% to 44% over the past five years. Through the first quarter of 2013, Company A’s online retail sales have grown to **50.6%** of total retail credit card sales.



## Case Study #2: Replicated Personal Websites

Another DSE has seen similar growth in online sales. Over the past five years, online sales have consistently increased. Despite a decline in overall sales in 2012 there was still a slight increase in online sales. (see Figure 2 below). Online sales accounted for 26% of retail credit card sales in 2008, and in 2012 that percentage had grown to 43%.



Online sales continue to increase in the United States. Forrester Research Inc. forecasts online sales to grow at a compounded 10% per year for the next five years, outpacing brick and mortar sales growth.<sup>i</sup>

**ProPay can help you take advantage of the growth in online sales:** ProPay’s model that appeals to DSE’s has a proven track record with hundreds of thousands of independent direct sellers across many different companies and product segments. Because ProPay allows consultants affiliated with a DSE to immediately recognize the profit from their online sales, consultant acceptance and promotion of replicated websites is enhanced.

This model is good for the corporation too! A huge economic benefit is there is no extra cost in getting consultants paid. Also, ProPay’s model adds value to replicated websites (which is typically a revenue source for DSE companies). As well, it works with SplitPay™ and SpendBack™, which significantly lowers the cost of wholesale purchases. (See *SplitPay and SpendBack case studies below.*)

Finally, online processing can be built with ProPay’s ProtectPay® API’s. ProtectPay is a product that removes sensitive cardholder data from your systems, while allowing you to maintain complete control of your web-site. ProtectPay significantly reduces the costs and risk involved in data protection and PCI compliance.

## ProPay's Powerful and Unique SplitPay™ & SpendBack™ Products

### SplitPay

**SplitPay** is a product that allows two parties to be paid from one credit card sale/transaction. A typical Direct Selling application of SplitPay would be a ship direct order placed on a consultant's personal or replicated website. For example, Connie Consumer shops on Sally Consultant's replicated website. Connie purchases product that with tax and shipping totals \$100.00. Connie sees a charge on her credit card for \$100.00 from Sally Consultant. Both Connie and Sally get an immediate email confirmation of the sale. Using ProPay API's, the DSE sends ProPay the \$100.00 charge with a request to pull \$65.00 to the company's account. The \$65.00 covers the wholesale price of the order, shipping and tax; the remainder, less the processing fee, is placed directly into Sally's ProPay account. The company then ships the order directly to Connie.

**Case Study #3: SplitPay**

Figure 3 below shows the actual split dollars received by two DSE customers as a result of SplitPay transactions in 2012.

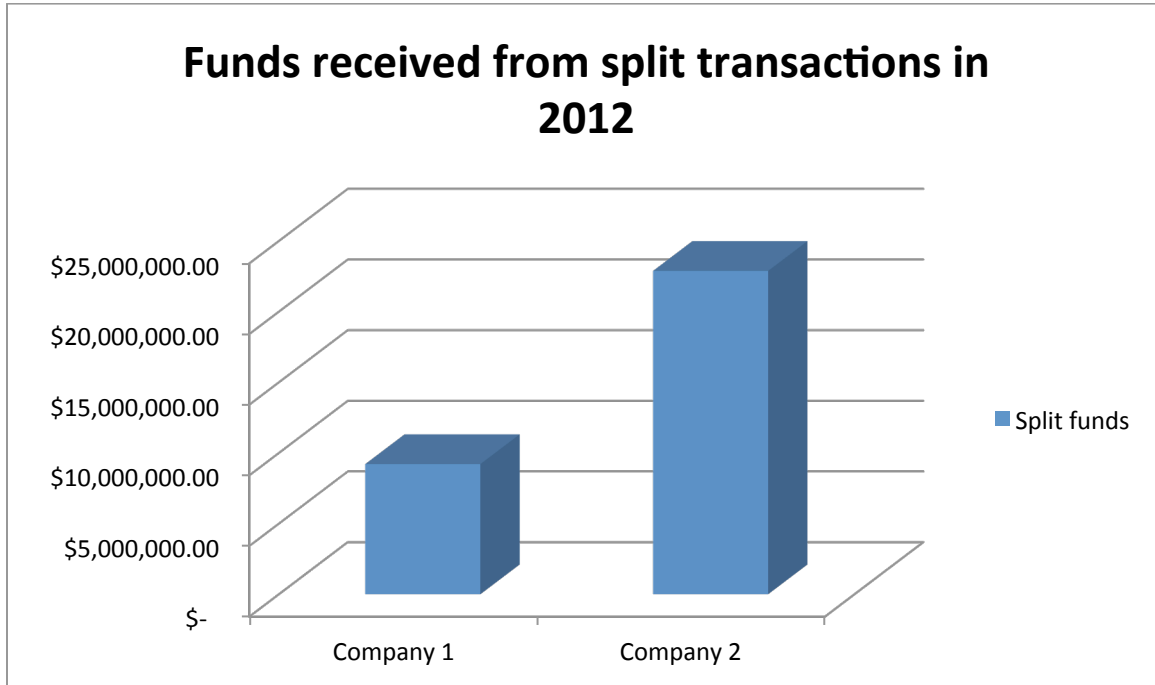
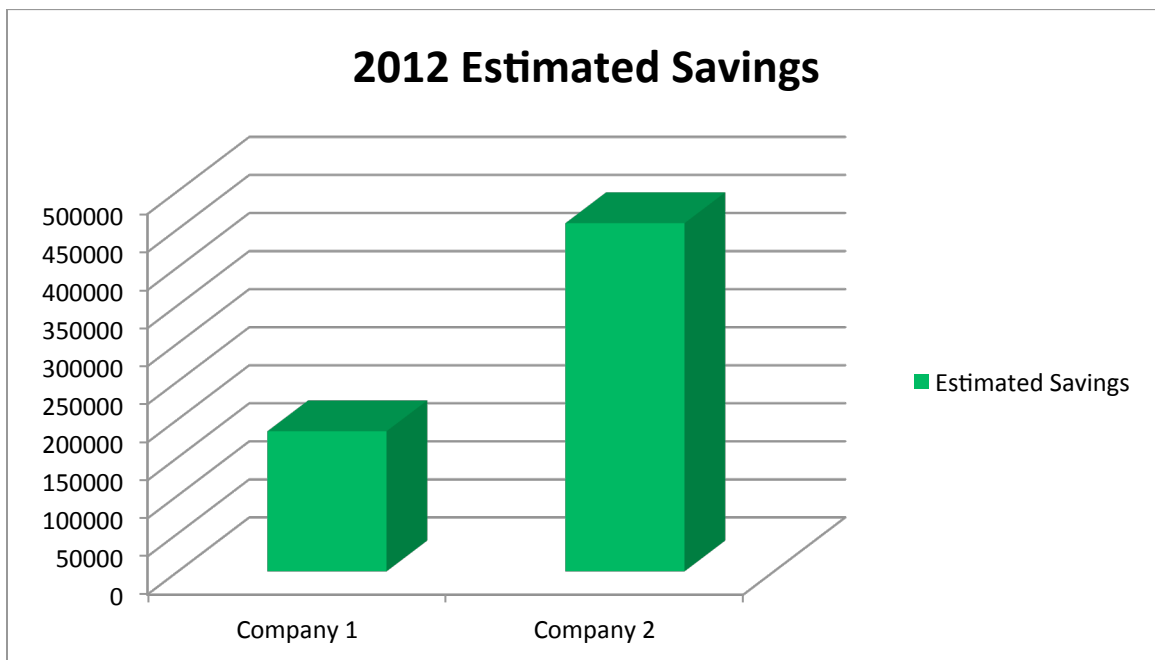
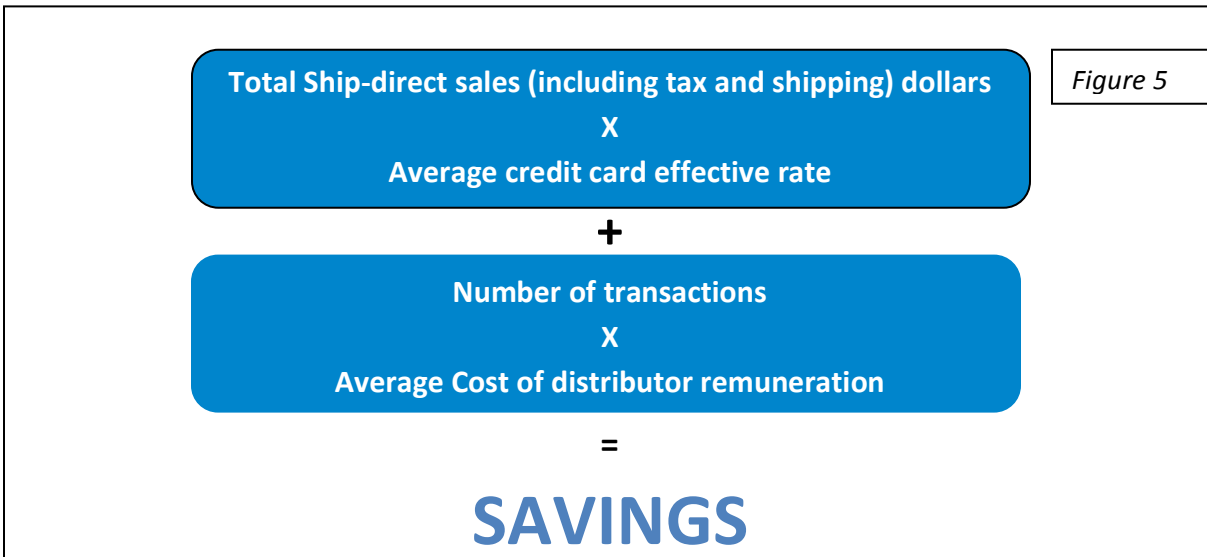


Figure 4 shows the dollar savings on credit card fees from these transactions, and assumes a 2% corporate credit card effective rate



In a SplitPay implementation, the company can save 100% of the credit card expense (or they can share in any portion of the expense they choose). The company also recognizes savings of remitting the retail profit from the sale to the consultants. These savings are small in the case of a direct deposit fee or can be significant if mailing checks. The formula for calculating the savings SplitPay provides is in presented in figure 5.



## **SpendBack**

**SpendBack** is a feature that allows ProPay customers to use funds directly from their ProPay account as a form of payment. In the direct selling environment, this would be a distributor using funds in their ProPay account (from a credit card sale, commission payment, or added from their bank account) to purchase from their DSE. ProPay customers enjoy instant access to funds when using SpendBack. Using SpendBack a consultant makes a sale (or closes a party) Sunday at 6:00pm and place her order using SpendBack at 6:01pm. SpendBack is convenient for the consultant and speeds delivery for the consumer.

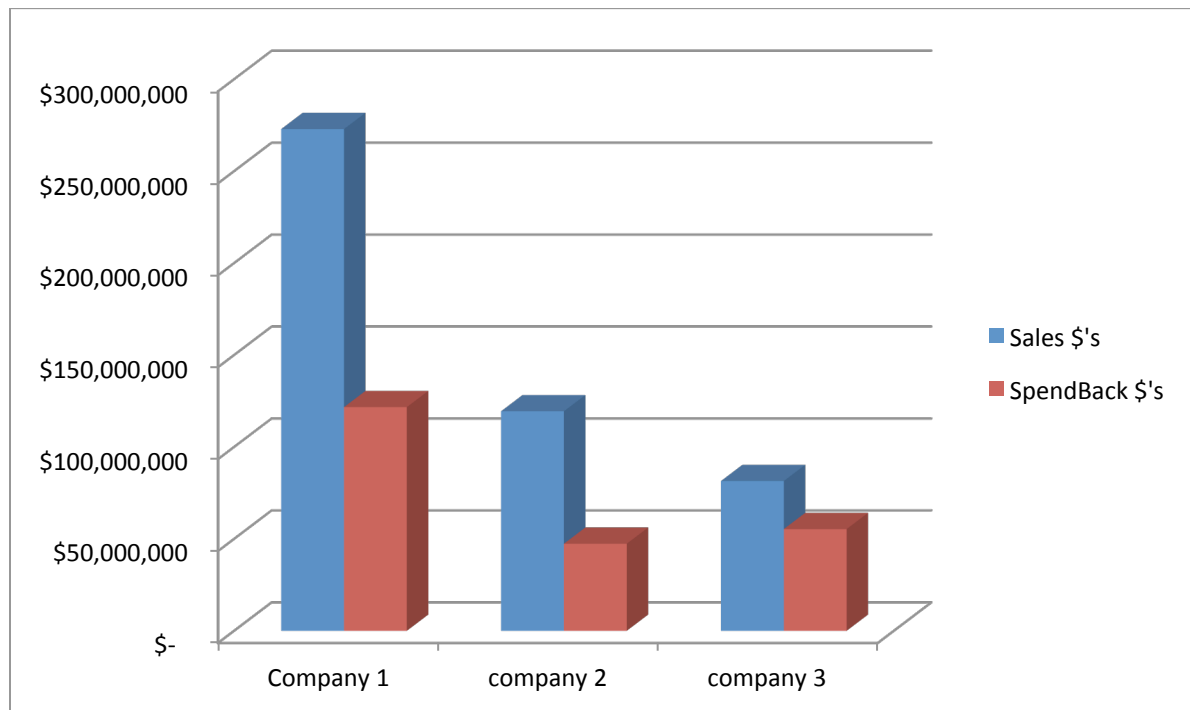
### Case Study #4: SpendBack

Table 1 below shows the consultant SpendBack acceptance or usage for three DSEs. Company 1’s distributors sell at a suggested retail markup of 50%. They are using 47% of retail merchant funds, or 94% of the wholesale amount, directly from their ProPay account to purchase product. Company 2 and Company 3’s usage is shown in Figure 6 below.

<b>Table 1</b>	Actual SpendBack %	Suggested mark-up%	Usage
Company 1	47%	50%	94%
Company 2	40%	50%	80%
Company 3	59%	70%	84%

As shown above, Company 2 also has a retail mark-up of 50%. The SpendBack dollars, compared to funds added to ProPay, have remained flat for the last two year at 40%, or an 80% “usage”. This company also offers a private label credit product for which they offer points towards company-sponsored events, which may explain the lower usage percentage for Company 2.

Figure 6 also shows the actual SpendBack dollars compared to retail credit card processing.



Combined, the three customers in Figure 6 saved more than \$1.2 million in credit card fees in 2012. ProPay charges a flat 1% on SpendBack dollars. Calculating your savings is as simple as taking your effective average credit card rate (credit card fees divided by total credit card sales) and subtracting 1%, then multiplying this by the estimated dollars that will be spent back with your company using funds in a ProPay account.

**SplitPay** and **SpendBack** have historically strong track records of saving our clients money. In 2012 alone, DSE's processed more than \$150 million dollars with these two products and saved over \$2 million dollars.

As a supplier to direct selling customers for the past 13 years ProPay has built innovative and proven payment systems. ProPay has been recognized by both the Direct Selling Associations in the United States and Canada (DSA Partnership Award in the USA, and the Partnership in Progress Award in Canada). To learn more please visit [www.propay.com](http://www.propay.com) or contact us at 801 341.5643.

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<sup>i</sup> Tech Crunch March 13, 2013 <http://techcrunch.com/2013/03/13/forrester-2012-2017-ecommerce-forecast/>



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## About ProPay

Since 1997, ProPay has provided comprehensive mobile and ecommerce solutions while delivering unparalleled customer service to businesses accepting and making payments. With a fast, easy sign-up process and end-to-end payment security solutions, ProPay delivers best-in-class payment solutions to businesses across around the world. ProPay® is a wholly owned subsidiary of TSYS® (NYSE: TSS).

## About TSYS

At TSYS, we believe payments should revolve around people — not the other way around. We call this belief "People-Centered Payments<sup>SM</sup>." By putting people at the center of every decision we make, with unmatched customer service and industry insight, TSYS is able to support financial institutions, businesses and governments in more than 80 countries. Offering merchant payment-acceptance solutions as well as services in credit, debit, prepaid, mobile, chip, healthcare and more, we make it possible for those in the global marketplace to conduct safe and secure electronic transactions with trust and convenience

TSYS' headquarters are located in Columbus, Georgia, with local offices spread across the Americas, EMEA and Asia-Pacific. TSYS provides services to more than half of the top 20 international banks, and has been named one of the 2013 World's Most Ethical Companies by Ethisphere magazine. TSYS routinely posts all-important information on its website, for more please visit us at [www.tsys.com](http://www.tsys.com).

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