

National Point of Sale (POS) Systems and Credit Card Processing Services Company, Harbortouch with their New Touch-Screen Product that Sparked their Rebranding is the only one that has a realistic Solution for Small and Mid-Sized Businesses

**Business Services
POS Systems**

Harbortouch
2202 North Irving Street
Allentown, PA 18109
800-201-0461
www.harbortouch.com



**Jared Isaacman
CEO**

BIO:

Jared Isaacman is the founder and CEO of Harbortouch, a premier POS system provider and payment processing organization based out of Allentown, PA. He is considered to be one of the industry's most influential business leaders and has been recognized as one of "America's Best Entrepreneurs" by BusinessWeek Magazine and "30 Entrepreneurs Under 30" by Inc. Magazine. Isaacman has also been named as a finalist for the Ernst & Young "Entrepreneur of the Year" award for 2006, 2007 and 2008 and was the youngest person ever named to the list of "Industry

Leaders" by the credit card industry's leading publication, *The Green Sheet*.

Isaacman started the company in the basement of his family's house when he was only 16 years old. With the help of his father and business partner as well as his first employee, Brendan Lauber, who now serves as the company's CTO, he built the company into the industry leader it is today. Under Isaacman's hands-on leadership, Harbortouch has become one of the largest payment processors in the nation, providing merchant services to over 120,000 business locations and processing in excess of \$10 billion in credit card volume annually. Consistently recognized as a leader in innovation, the company was named one of the fastest growing private companies in the U.S. for five consecutive years (2005-2009) by Inc. Magazine and was ranked by Deloitte on their list of fastest growing technology companies in 2008. Additionally, Harbortouch was named a Gold winner by the 2012 Golden Bridge Awards and a Bronze winner by the 2012 American Business Awards.

In addition to guiding the strategic vision for Harbortouch, Isaacman has demonstrated a commitment to philanthropic giving. He organized a charity poker tour which has been hosted at 4 major industry trade shows and donates all proceeds to the Goodwill Rescue Mission for the Homeless and The Make-A-Wish Foundation of New Jersey. He also launched "Pennies for Humanity", a program that allows the company's merchants to contribute a portion from every credit card transaction they process to their preferred

charitable organization. Most recently, Isaacman, a jet pilot in his spare time, raised over \$100,000 for the Make-A-Wish Foundation of New Jersey by piloting two record-breaking flights around the world.

About Harbortouch :

Harbortouch is a leading national supplier of point of sale (POS) systems and credit card processing services. The company offers an unparalleled "free" program that supplies full-featured POS systems to restaurants and retail businesses with no upfront costs. As one of the largest and most reputable payment processors in the United States, Harbortouch currently handles the merchant accounts for over 120,000 business locations and processes in excess of \$10 billion annually, with those numbers continually increasing. Consistently recognized as a leader in innovation, Harbortouch is a five-time Inc. 500/5000 honoree (2005-2009) and was listed on Deloitte's 2008 "Technology Fast 50" list. Additionally, Harbortouch was named a Gold winner by the 2012 Golden Bridge Awards and a Bronze winner by the 2012 American Business Awards. Harbortouch has also garnered awards for its outstanding customer service and technical support. For additional information, visit www.harbortouch.com or call 800-201-0461.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Isaacman, what is Harbortouch?

Mr. Isaacman: Harbortouch is the new brand-name for our thirteen year-old payment processing company, previously called United Bank Card Inc. Just about six months ago, we decided to do a rebranding campaign to shake off the conservative bank sounding name that we had for thirteen years. Harbortouch, which started as a product line for us, became so powerful and the flagship focus of the organization that we decided to rebrand and name the organization Harbortouch. It represents our new forward-thinking, technology focused strategy.

CEOCFO: How has it worked out so far?

Mr. Isaacman: It has been excellent. Thirteen years ago when I started the company, it was a small payment processing company out of my parent's basement. It has evolved to be one of the largest payment processors in the nation with 140,000 merchants and we processed over \$12 billion a year in credit card sales. It has absolutely been a tremendous journey, but the industry has gotten extremely competitive as new technologies are introduced and new competitors like Square emerge. This evolving marketplace has encouraged us to evolve our own strategies. Our means of gaining customers, which include businesses around the nation, is no longer the traditional financial services method but much more focused on technology. Harbortouch was our touch-screen, point-of-sale product line that sparked this shift. It has become our flagship product and we have differentiated ourselves by giving this valuable equipment away free of charge in order to gain a retail or a hospitality business. It has been such a success that we have rebranded the whole organization around it.

CEOCFO: Why should merchants use your solution?

Mr. Isaacman: We are the only ones that have a realistic solution for small and mid-sized businesses. It is important to realize what it is we are providing. A great example is that Square provides a \$15 card reader that plugs into your iPhone and basically turns

your phone into a mini cash register, which is awesome for the examples they show in the commercials such as a personal trainer that wants to collect \$20 from each of their clients or for flea markets and for small contractors. However, if you go into a busy bar, nightclub or restaurant, you are not going to see an iPhone there; what you are going to see is a Micros point of sale system or an Aloha system or an NCR or an IBM system. Those cost tens of thousands of dollars in hardware and software, plus costs for installation, training and ongoing support. Merchants pay these staggering costs because they need the capabilities that POS systems provide. An iPhone solution like Square simply cannot provide these capabilities. iPhone solutions can't run a sophisticated SQL database tracking inventory over four dozen liquor stores across the nation, importing and exporting distributor purchase orders or inventory forecasts, or tracking customer spending habits and

"We are the only ones that have a realistic solution for small and mid-sized businesses." - Jared Isaacman

rewards. That is the retail world and it requires more advanced solutions. You are not using an iPad or an iPhone to ring up a dozen patrons in a busy bar atmosphere or route restaurant orders so that the salad order goes to the salad station, the drinks go to the bar and the entrees go to the chef. All of that is run on high-end sophisticated point-of-sale systems, which are like I said those touch-screen devices that you see in your Applebee's or high-end retailers. That is what we provide free to the customer in contrast to that \$15 iPhone attachment. We put in the touch-screen system, hardware, software, installation, training, and ongoing support in exchange to earn a merchant account. We have had no competitors in the two years that we have done it, we have deployed almost 15,000 systems to restaurants and retailers around the nation, and we are putting out about a thousand of them a month right now. There are no competitors and the only option is to spend tens of thousands of dollars

from an IBM, Micros, or an NCR system or gain it free from us. In exchange, we make our money back by having a long-term credit card processing customer.

CEOCFO: How do you reach your potential customer?

Mr. Isaacman: We have over a thousand Harbortouch certified sales partners and they are in every state in the country. A thousand seems like a big number but they are all independent sales partners, so some of them do it part time and some have very large organizations. We get a tremendous amount of leads off our website as well as visiting retailers and restaurants face-to-face. It is the same network we used to build over 140,000 merchant account customers over the last thirteen years. We have retrained this sales force so instead of being just financial services representatives, they are now educated, point-of-sale system professionals. They have been doing great with this product.

CEOCFO: Do your customers tend to stay once the system is in place?

Mr. Isaacman: The retention on a point-of-sale system relative to a normal old-fashioned credit card terminal is 66% lower attrition. It is phenomenal. If we lose a restaurant or retailer that has one of our point-of-sale systems installed, it is almost assuredly because they went out of business. In that case, whenever a restaurant closes up, it is not long before another one steps in and they call us up and we fire-up the point-of-sale system again. We just make changes to the menu to accommodate the new business owner.

CEOCFO: You had a reduction in fees back in June; would you tell us how that fits in with your new strategy?

Mr. Isaacman: I think that the payment industry has become very fee infested in general. With things like PCI compliance and IRS reporting legislation, costs for processors have soared and this has been pushed through to the merchant level. Over the last couple of years, the world around us has become very reaction-

ary to problems, they see a security breach at a TJ Maxx for example, and then massive regulatory changes come down. All of that costs money. Credit card processors passed much of that along to the merchant, and they started seeing fees they never saw before. Much of it is very justified because of the cost of complying with some of these regulations. We saw this trend and how it was negatively affecting merchants. In turn, we developed better efficiencies and were able to eliminate quite a few of those fees and improve customer satisfaction.

CEO CFO: What is ahead?

Mr. Isaacman: With Harbortouch, we have a great platform and plan to continue building on it. We recently released Harbortouch Reservations which is a free online reservations tool that replaces expensive solutions like OpenTable. This system allows our customers to manage their reservations and wait list from either their POS system or an iPad and they can even send text message alerts to customers when their table is ready. We are continuing to do things just like that. We also developed something called Lighthouse which is a great cloud-based tool that allows restaurant owners and retailers to log into their POS system remotely and view reports or make changes to their menu or products. For example, the owners of the business could be on vacation in Europe and decide that the re-order point for Miller Lite at their liquor store is too low or that they need to increase the price of sea bass at their restaurant. They could make those changes from their hotel or the beach and it automatically funnels down to the POS system. These things are great. We are not the only ones to have some of them, it is just that our competitors might charge \$1200 a year for that service and we provide it at no cost. We built a platform around our POS product line,

and these innovations add value to our already very compelling offer. There is no doubt about it, we are going to provide thousands of dollars worth of hardware. We are going to continue to spend millions of dollars in research and development to make it the absolute best product, in order to continue to build our portfolio. It is already the lowest cost solution available and it will only continue to improve.

CEO CFO: Is this feel-good stuff or does it give you credibility?

Mr. Isaacman: I started this company when I was sixteen and no one knew my age. We kept very quiet and we kept trying to grow the business and stay under the radar. When you are not a public company and you are trying to avoid drawing too much attention to yourself when you are still a startup, there is no recognition not necessarily for me but for the employees, everyone who helps make a startup a reality. In 2005, we were recognized as the 19th fastest growing company in America. The following year, we went to #6 and nobody had those kind of leaps because there are only so many times you can double, triple, quadruple your revenue year-after-year before it starts to get a little challenging. We had a great five-year run of staying on the list. Does that help us get merchant accounts? I believe it sure has over the years. Has it helped us when we have taken new directions with POS? It definitely has. Is it credibility? Yes it is. I think it is an awesome thing for the employees because you are not a public company, you do not get to see your ticker price go up when you do a good job. It is great satisfaction that all of our employees can put in the signature line of their email "An Inc 500 Company for Five Consecutive Years." We have won numerous other awards in recent years that have helped validate what we are doing. In the past couple months alone, we have re-

ceived an American Business Award and a Golden Bridge award for our free POS system program. It is a great honor and I think it's great for the entire team and the entire organization to have that, aside from what it has done for us in the marketplace.

CEO CFO: What has surprised you most in growing the business?

Mr. Isaacman: Timing is everything and if you can make the right decisions at the right time, things have a way of working themselves out. Truly when one door closes, another one opens and you are extremely fortunate if you are able to see that at the time. In 2007, we started Harbortouch as a division with only six employees and now we are 300 employees, half of them representing the actual POS group. Making that decision five years ago, had we not gone down that road, we would still be a normal financial services company today trying to compete in a world that has completely evolved to mobile and POS and sophisticated technology. We did not know in 2007 that things were going to evolve the way they did, it just happened to be great timing and it has worked itself out excellently. I can think of numerous times over thirteen years where you are faced with a challenge or an obstacle that seems very challenging or potentially insurmountable. The decisions you make at the time to continue to grow and be maintained in a successful organization, many times work themselves out perfectly. I believe in that and I see that if you keep your options open and you really look at everything around you at the time and I guess I have been surprised that things always seem to find a way to work themselves out for the better. Things of the past have a way of driving your future direction. We have been fortunate that most of those decisions have really worked out well.



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