

The Problem: Major corporations that have a Diversity Program with a specific set-aside for a certified DVBE *target spend* have difficulty locating DVBEs that can *move the needle* on their DVBE target spend meter. Most DVBE's are either one-man operations or have a small staff.

How We Solve the Problem: Fairmed, Inc. (a California corporation since 1993) DBA FDIS West Region, a First Data Independent Sales Agency, has 37,000+ First Data employees standing behind its *certified* DVBE merchant account offering. A target Fortune 500 firm can *easily calculate* the 'DVBE SPEND' by multiplying their existing Visa/MasterCard processing volume by **1.7%***.



Example: Visa/MasterCard processing per \$100,000 = 'DVBE SPEND' of \$1,700

***How is 1.7% Derived? Three easy steps...**

(1) The type of transaction determines the risk

Merchant processing is just like the insurance industry: if the risk is greater, the cost is higher. For example, if a credit card number is manually entered or entered over the Internet (*card not present*), the risk of fraud is much higher and a higher transaction base-rate is applied.

(2) The type of credit card issued/used determines the base rate

There are many different types of consumer credit cards from the 'issuing bank' and credit cards, such as *reward, corporate, and government* all have different base-rates.

(3) The type of sale determines the Interchange table!

Interchange rates vary by type of transaction: Visa/ MasterCard each has a different exchange rate that can vary from 1.03% for a Visa debit to 1.58% for a standard MasterCard to 3.25% for a World Elite MasterCard. Additionally, there are transaction fees (usually around ten cents) and 'assessments', which average around 1.1%. Averaging all these and adding a very small profit for the DVBE sales agent yields the 1.7%.

NOTE: The average *small retailer* can pay 2.5-3% on their credit card sales. The 1.7% rate estimate applies only to large corporations that process high dollar amounts in credit card charges each month.

Ease of Implementation: Most contracts of any size entail massive movement of materials and/or internal employee time, and thus have indirect costs with any switchover to a new vendor. Most Fortune 500 companies have a proprietary POS (point of sale) software program that contains two lines of code. Contained in these lines of code are a MID (merchant ID) and a TID (terminal ID). Their in-house IT staff simply replaces the existing MID & TID (from the old vendor) with a new MID and TID (from our *certified* DVBE Fairmed, Inc. / FDIS West Region) and the process *is completed* 'invisibly'.

First Data sells through authorized agents or licensed sales channels.

Structure: KKR owns First Data; First Data who owns and operates First Data Independent Sales (i.e. FDIS); FDIS is comprised of 400+ Independent Sales Offices nationwide (like ours); **Fairmed, Inc.** (a California corporation and *certified DVBE*) does business as FDIS West Region (one of the 400+ FDIS agents). All agreements submitted by the DVBE (Fairmed/FDIS West Region) are processed by First Data.

Fairmed, Inc. is the ONLY certified DVBE in the *merchant processing business**

*** As told to us by Fortune 500 companies**

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