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SMALL BUSINESS LINK | SEPTEMBER 24, 2007

Automated Billing System Saves Ticket Broker Time and Money

By NAUREEN S. MALIK

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Sales growth at TicketNetwork LLC was accelerating, but its billing system wasn't keeping pace.

So the ticket-broker software company, which was founded in 2002, decided it needed to upgrade the process. It began creating software that would simplify and speed up the way it billed customers -- and save the company some money. And in 2005, it started using an automated clearinghouse provided by its bank -- an interbank system of transferring funds electronically -- to facilitate the way customers paid those bills.

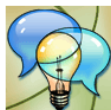


Donald J. Vaccaro

TicketNetwork, which took in \$200 million in 2006 sales, generates revenue from fees from brokers using its point-of-sale software, ticket sales to individuals using its wholesale-ticket outlet TicketLiquidator.com and sales through its private-label service on other Web sites such as CheapTickets.com.

Under TicketNetwork's old system, most of the payment from brokers came in the form of credit-card transactions. And fees for those transactions added up; as much as 2.7% was automatically taken off the top of each sale. What's more, payment processing could take several days. Sometimes, transactions would bounce back because credit-card information changed when cards expired or were lost.

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information into the system. The transactions show up as withdrawals on the customers' statements. "The money hits our accounts in two to three days," Mr. Vaccaro says.

TicketNetwork pays about 20 to 25 cents per transaction to Bank of America Corp., which does the actual transferring of funds through its automated clearinghouse system. (While TicketNetwork designed its own software to send electronic invoices and track payments, a number of national and regional financial institutions offer similar services for a fee.)

In addition, because banking information required for direct-payment transfers tends to change less frequently than credit-card information, TicketNetwork has fewer transactions that bounce back. The most common reason for a bounce-back with the new system is a lack of funds in a customer's account to cover a bill.

Mr. Vaccaro says it takes one employee half a day to process the company's weekly invoices. Previously, it took two people a full week to do so -- from putting together and submitting each bill by email to processing credit-card payments.

The new system also is saving the company about \$600,000 in annual credit-card fees.

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To get ticket brokers to use the system, TicketNetwork offers a discount of 1.35% to those who send payments electronically. Mr. Vaccaro says nearly all of its 400 to 500 brokers billed on a weekly basis opted to do the automatic payments.

But he hasn't completely done away with credit-card payments. With individuals or infrequently billed brokers and other customers, automatic payment is "not really worth the time or effort," he says. Those people still pay for tickets online using credit cards or checks.

Write to Naureen S. Malik at naureen.malik@wsj.com

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