



● At a time when giant corporations dominate the economic landscape, direct-debit service provider Ezympay shows there is profit to be made in their shadows. As giants go, they don't get much bigger than the big four banks, and these banks do little to help small business owners collect small, regular payments from their customers. Ezympay steps in where the banks leave off, setting up direct debits, processing payments and chasing up late-payers on behalf of business owners.

Ezympay's chief executive, Trent Brown, says demand for the service is growing as businesses with cash-flow problems come to realise that their customers are also cash-starved. The solution Ezympay offers these businesses is the ability to switch their clients from big, one-off payments to small, regular payments. "Customers want to pay progressively because they can no longer afford to pay up front," he says.

The problem is not new, just more urgent as the economy continues to slide. Businessman George Holman set up Ezympay in 1996 when he hit upon a better way to get customers to pay their bills. Holman, now chairman, ran a loss-making fitness club in Sydney's Pennant Hills and noticed that members were not renewing memberships. He took a punt that if they could pay in automatic monthly instalments instead of in one annual hit, they would be less likely to drop out. That's when he devised an automated direct-billing system for his clients. Not only did the retention rate increase, but the

new payment method also attracted new members to the club and was so valued that he could charge a premium for the service. The gym's revenue doubled in 12 months.



Customers are open to a regular withdrawal. Critically for the client, these are paid on time, every time

Recognising its potential, Holman approached his cousin Andrew McLaughlin, a software developer at Westpac Banking Corporation, and suggested they further develop the system and sell it to other companies facing similar problems. Ezympay's first customers were other health clubs, child-care centres and educational institutions. Small and medium enterprises followed, although there were still some cultural barriers to overcome. Even today, some companies take convincing that customers will respond

favourably to the direct-debit option.

"We do find that our client businesses feel there may be some customer resistance to the introduction of direct debit," Brown says. "However, the best outcome for a healthy customer relationship is a compromise on both sides. As the market declines, many of our clients' customers are open to accepting a regular, manageable amount being withdrawn from their account at an agreed time and date each month. Critically for the client, these funds are paid on time, every time."

The message is obviously getting through. Ezympay collected more than \$200 million in fees in 2007-08, more than double its harvest of five years ago. Brown is anticipating another uptick in revenue as banks tighten their lending criteria and the economic slowdown continues to erode cash flow. Revenue at the Sydney company surged 20 per cent in the final three months of 2008. **BRW**

Interview: Anthony Sibillin

Trent Brown

Ezympay

Position:	Chief executive
Milestones:	1996: George Holman develops automated billing system for his fitness club
	1996: Holman & Andrew McLaughlin launch Ezympay
	2003: Holman is 35th-richest young Australian
	2004: Trent Brown appointed Ezympay CEO

LIFECYCLE: DIRECT APPROACH

Harvesting the rewards of tapping into limited cash flows