

Beyond the Rack Processes Online Payments with Optimal Payments to Support Rapid Growth

Fast growing online retailer Beyond the Rack has standardized the processing of all of its consumer payments using Optimal Payments and their NETBANX services. NETBANX delivers a complete online processing and fraud detection solution and has easily scaled to manage Beyond the Rack's accelerating transaction volumes. The NETBANX solution also includes processing of local currency payments from customers in the U.S. and Canada without cross border surcharges, ensuring Beyond the Rack can outcompete other U.S. domestic e-tailers.

"We've seen a significant expansion in our business, and Optimal Payments has played an instrumental role in helping us drive that growth."

- Yona Shtern, CEO, Beyond the Rack

Fast growth isn't unusual for Internet businesses. But Beyond the Rack, a members-only online shopping site, has expanded quicker than most: it has gone from a standing start to achieving more than U.S. \$100 million sales in only two years. It was recently recognized by Internet Retailer magazine as North America's fastest growing e-tailer.

Based in Montreal, the company offers discounts of up to 70% on designer merchandise using flash online sales that usually last 48 hours. It has 4 million consumer members in the U.S. and Canada, and works with over 3,000 vendors. It ships 4,000 orders a day from its fulfillment centers in Montreal and New York.

Beyond the Rack

At a Glance

Industry:	Retail
Name:	Beyond the Rack
Headquarters:	Montreal, Canada
Founded:	2009
Telephone:	514.733.466
URL:	www.beyondtherack.com

Business Objectives

Process all forms of online payments

Keep pace with rapid growth and "flash sales" model

Accept payments from U.S. and Canadian customers without incurring international surcharges

Business Results and Benefits

Integrated smoothly with Beyond the Rack's back-end systems

Handled peaks of traffic in two-hour window, ensuring uptime for customers

Maintained competitiveness with U.S. rivals by eliminating cross border surcharges

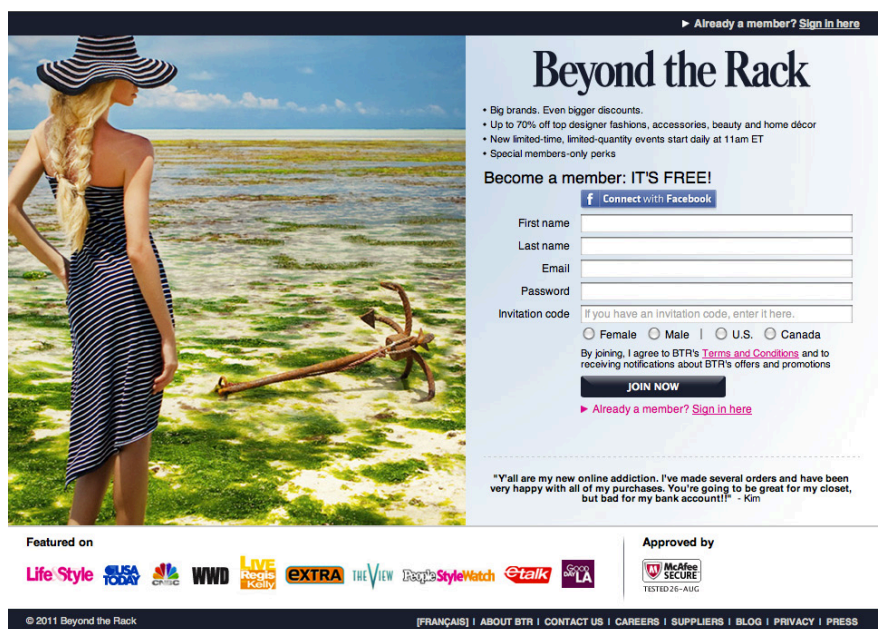
Managing Rapid growth

Such rapid growth creates challenges for a business. For Beyond the Rack, one issue was how to reliably and efficiently process payments for its customers. As a start-up, it believed that it was not necessarily going to be able to get the attention and flexibility it needed from a bank or other payment service providers.

Beyond the Rack selected Optimal Payments' NETBANX payment processing service because it provided everything in the payment-through-settlement chain for the retailer and had a rock solid reputation. "We chose Optimal Payments' NETBANX to process our payments because of their reputation and they had very good recommendations from other companies," says Yona Shtern, CEO at Beyond the Rack.

Optimal Payments processes all of Beyond the Rack's consumer payments, handling all aspects of card-not-present transactions from its customers in both the U.S. and Canada. The NETBANX back-office provides hands-free dispute handling and automated report delivery. "The NETBANX gateway not only seamlessly handles our transactions, but also our credit and refund processes, which they helped us to set up," says Shtern.

"Even though we were a small start-up at the beginning, Optimal Payments made it easy for us, and provided service above and beyond what was required or expected," says Shtern. "When we first started we were shipping four orders a day with a daily volume of around \$400 - the NETBANX service has ramped along with us and now we do about \$250,000 a day."



End-to-end payment processing

NETBANX also prevents fraudulent transactions for Beyond the Rack. "Last year, we sat down with Optimal Payments and they gave us guidance on fraud reduction, and helped us set up real-time rules in the NETBANX payment gateway. The fraud reduction results they have delivered have been phenomenal," comments Shtern.

According to Shtern, the working relationship is consultative and productive: "Optimal Payments are highly responsive, and have always taken things extremely seriously and helped us out - the level of engagement we get is unusual for the financial services sector."

“With Optimal Payments, every time they make a commitment, they’ve stood behind it and delivered on it - they and their NETBANX technology is extraordinarily reliable,” says Shtern. “We’d be hard pressed to consider moving to another payment processor even for a lower price - you have to look at the whole picture.”

Optimal Payments processes all of Beyond the Rack’s 4,000 daily transactions via its NETBANX service. Of these, around 80% fall within a two hour window each day due to the way the company promotes its ‘flash’ sales of fashion merchandises.

“Optimal Payments has understood and been able to support our unusual business model,” says Shtern. “We’re a flash sales business and our customers line up for our 11am events each day. Because it is a cloud-based service, NETBANX has easily scaled to cope with our peaks as we’ve grown.”

“Optimal Payments has always been in our corner, and looked out for our best interests –with more partners like Optimal Payments the sky is the limit.”

- Yona Shtern, CEO, Beyond the Rack

International competitiveness

Beyond the Rack ships to U.S. and Canadian customers, which adds complexity to its business as it must deal with multiple currencies and countries. “Canadian consumers want to see transactions in Canadian dollars, and U.S. customers want to see transactions in U.S. dollars,” explains Shtern. “We need to avoid our customers getting hit by international surcharges - if we had worked exclusively with a Canadian based payment processor, our U.S. customers could suffer a cross-border surcharge which causes a huge customer service issue.”

“Because they are a global provider, Optimal Payments helped us ensure our customers have no international surcharges, and to navigate through the complexity of dealing with both U.S. and Canadian customers,” says Shtern. “Even though we are based in Canada, our U.S. customers see us as being a U.S. supplier, which is a big win for us - it’s critical for us to be competitive with our U.S. based competitors.”

“We’ve seen a significant expansion in our business, and Optimal Payments has played an instrumental role helping us drive that growth,” says Shtern. “We couldn’t have done it without Optimal Payments’ support or their NETBANX service: they’re fully integrated into our finance system and shopping cart, and they’re an integral part of our value chain.”

“We’ve had many opportunities along the way to look for alternative payment processors, and we’ve received a lot of inbound solicitations from payment companies - but we can’t find a reason why we should consider leaving Optimal Payments - their NETBANX service is excellent,” concludes Shtern.



Beyond the Rack

About Optimal Payments

Optimal Payments is a global provider of online payment solutions. Trusted by businesses and consumers in over 180 countries to move and manage billions of dollars each year, merchants use the NETBANX® processing service to simplify how they accept and settle credit card, direct-from-bank, and cash payments; and the NETELLER® payment account to increase margins, capture new customers and increase their lifetime value. Being an independent provider has allowed the company to support tens-of-thousands merchants around the globe across a wide range of industries.

Optimal Payments Plc is quoted on the London Stock Exchange's AIM market, with a ticker symbol of OPAY. Subsidiary company NETELLER (UK) Ltd is authorized and regulated as an e-money issuer by the UK's Financial Services Authority (FSA).

www.optimalpayments.com
www.netbanx.com



About Beyond the Rack

Beyond the Rack, North America's premier online shopping club offers its members the most sought-after designer brand apparel, accessories, beauty products, home décor, and leisure travel packages at up to 70% off retail. Ranked by Internet Retailer as the fastest-growing e-tailer in 2010, Beyond the Rack sells its products in the context of two-day, first-come, first-served, limited-quantity events.

Members can expect up to 15 new events each day, starting at 11AM ET. The privately held company has offices in Montreal and New York, with a staff of 230 full-time employees. To date, Beyond the Rack proudly serves 4 million members across North America.

www.beyondtherack.com