



The industry resource for prepaid and stored value cards

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Companies to Watch:

edō

interactive

By Paybefore Staff

Where does a payments industry veteran looking for his next opportunity find inspiration? For Ed Braswell, it was at his 17-year-old daughter's birthday.

Braswell was a founder and CEO of Link2Gov, a company that facilitates payments to governments and utilities, but had sold the company to Metavante in November 2005. He remained as president of the Payment Solutions Group of the Milwaukee-based company but began to notice not only how frequently his children were receiving closed-loop gift cards but also the limitations that came with them. When his daughter asked, during a birthday gathering with her friends, if he would buy a gift card she had received but didn't want, he saw opportunity.

As the father of teenagers, he was aware of Websites like MySpace and Facebook and how his children used those sites and their phones to stay connected with their friends. After his daughter's gift card request, an idea began to form for a payment product that would employ the flexibility of a network branded prepaid card and the connectivity of social networking sites and mobile



Ed Braswell, edō Interactive

devices. His target: the 82 million teens and young adults known as Gen Y or Millennials.

Prepaid Combined with Social Networking

Braswell founded edō Interactive, based in Nashville, Tenn., in June 2007. edō, shorthand for electronic dough, actually comprises two platforms. The prepaid platform supports Facecard, a prepaid

MasterCard card issued by MetaBank, along with facecard.com—a social networking Website that enables Facecard members not only to load value onto their card, make P2P payments to and receive them from other members, and open their account to gifting from friends or family but also to stay connected with other members. The marketing platform enables companies to reach the Facecard membership—a notoriously difficult demographic to reach with advertising and promotions—with finely targeted campaigns that are delivered in the form of cash incentives from various retailers loaded onto their cards, called "Prewards," and loyalty rewards called edō Cash.

Braswell says edō is trying to leverage Millennials' \$250 billion of discretionary spending through the prepaid platform that acts as a non-traditional banking network. Like other prepaid products, Facecard touts the fact that it insulates students from excessive overdraft fees associated with debit cards and the revolving debt and high interest rates associated with credit cards. What differentiates the service, Braswell adds, is its integration with the

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technological tools that Millennials use to stay connected with one another and have a high level of comfort with.

"Facecard is its own social network that allows members to share information about what they're spending, how they're spending it and what they like about their gifting," he explains. "It's a social network, it has mobile connectivity and we think it's a very financially responsible product in this day and time. It's critical for teens and young adults to be able to figure out financial matters, so they're not put in overdraft situations."

Millennials Difficult to Reach

While the existence of the Millennials and their buying power is beyond dispute, they are not the most receptive audience to traditional marketing campaigns, so finding creative ways to reach them is a must, says Braswell.

"This group is pretty tribal in nature," he explains. "They tend to reference between each other the good and bad things about what they're being marketed and how they're being marketed to. They customize their music, so you can't get them on the radio. They're not likely to pull out the Sunday circular in the newspaper, and they've been able to avoid or bypass Internet advertising."

So to get the word out to its target market about Facecard, edō has turned to viral Internet marketing techniques such as offering a widget that enables Facebook users to sign directly onto facecard.com and using referral codes to pay members incentives for signing up new members. The company also sought out students in a one-on-one environment with a back-to-school campaign that placed ambassador reps on 60 college campuses around the country.

But as important as reaching the Millennials themselves is reaching their parents with



a strong message, Braswell notes. To that end, edō has developed a campaign aimed at parents called Get Smart, Get More.

"It's a tool that allows for education of young adults and teenagers," Braswell explains. "It educates both parents and students about financial cards and the risks involved. What are overdrafts and how do you avoid or mitigate them? It also illustrates that Facecard isn't a credit card with high interest rates or fees."

Powerful Marketing Opportunity

While the social networking aspect of the prepaid platform is what has generated the most publicity for edō Interactive since Facecard's introduction in May, Braswell says it is the marketing platform that will enable the company to deliver this attractive market segment to businesses and, in the process, perhaps allow it to offer Facecard without certain fees.

The marketing platform enables companies to design targeted campaigns around Prewards and edō Cash. Prewards are electronic coupons that companies can offer to Facecard members through patented multi-pursuing technology to incentivize spending behavior.

A Facecard member is notified of a Preward through a text message, Braswell explains.

They are offered a small dollar amount to be loaded onto their card that can only be used at a specific retailer in a specific timeframe.

The member can then go to the retailer to make a purchase. When the card is swiped, the amount of the Preward is taken out of the advertising purse, and the balance of the purchase comes out of the member's primary account. Some retailers offering Prewards

via Facecard are chain restaurants Panera Bread and Jersey Mike's and outdoor apparel manufacturer Cloudveil.

"Retailers can build campaigns around our card members, around gender, demographics, spending habits or ZIP codes," says Braswell. "So a local merchant on the University of Georgia campus might go through our database and find 200 people that fit his profile, but a national retailer might find thousands of opportunities. If you look at the print coupon side, it's still a \$370 billion print industry for 0.5 percent redemption rate. If you look at rich media, between radio, TV, print and online, retailers will spend another \$515 billion. What we're trying to do is create this Prewarding concept, which is a very targeted advertising campaign built into an electronic card and creates greater ROI for retailers."

The other program within the marketing platform is called edō Cash. It's a loyalty program that measures behavior or consumption by a card member and pays rewards from certain retailers when certain thresholds are met.

"Let's say a coffee shop can't afford to offer a significant Preward because

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a cup of coffee only costs two bucks,” Braswell explains. “The card measures the amount of times you visit the retailer. If, say, you come in 10 times, the store owner can load the price of a cup of coffee onto the card that can be redeemed on the 11th visit as a reward.”

As an incentive for consumers to try Facecard, Braswell notes that the first 250,000 card members will have all fees waived. The company hasn’t decided on what fees or how much will be associated with Facecard going forward.

“Since we get paid a fee every time there’s a transaction between the card member redeeming a Preward and the retail location, if we can get the Preward volumes up there, our goal would be to waive all monthly and activation fees for the life of the program,” he says. “That’s assuming we can maintain a certain threshold of spending on each card and offer five to 10 Prewards a month per card member.”

Expanding Operations


As edō Interactive inches toward the 250,000 member mark that will force a decision on fees—which it expects to surpass in early 2009—Braswell looks toward expanding Facecard beyond its core market of Millennials. But will older consumers be interested in a product centered on a social networking experience? Braswell notes the changing demographics of Facebook as evidence that they might.

“When I started this company 15 months ago, there were 25 million Facebook users and their email addresses were all .edu domains,” he says. “Today there are more than 100 million Facebook members and more than 50 percent of them are outside the college realm. Our goal is to expand our marketing beyond just the Millennials, issuing creative prepaid products that are leveraged on our platform. We do think the market is going to grow and expand.”

Braswell believes Facecard also has some potential as a corporate card for payroll or expenses. And, edō is in talks with other companies that want to issue prepaid cards and take advantage of the marketing platform about co-branding or licensing edō Interactive’s technology.

It is beginning to expand geographically, as well. The company has opened a sales and marketing office in the Silicon Valley area of California to work with technology partners on developing more effective marketing campaigns and deliver more secure technology integrated into its platforms.

For the time being, though, the Millennials remain edō Interactive’s core constituency.

“We’ve listened and gotten a lot of feedback from members,” Braswell says. “We’ve done focus groups asking what they need and want. For young adults, this is their product.” 

Getting to Know edō Interactive

Marketplace Names: Facecard Prepaid MasterCard, edō Interactive

Location: Nashville, Tenn.

Organized: Early 2007

Open for business: Facecard was launched summer 2008, edō marketing platform in beta fall 2008 with launch in January 2009

Line of Business: Prepaid debit cards and innovative marketing platform

Secret Sauce: Electronic coupons loaded directly onto the prepaid card. No coupons to clip, no points to accumulate. Marketing analytics provided to the retailer/advertiser.

Founder: Ed Braswell

Funding: \$6.5 million from angel investors and VC firms Claritas Capital and Clayton Associates

Ownership: Private

Business Philosophy: “Our premise is simple. Combine the benefits of alternative financial services, social networking, customer targeting and powerful incentives to create a new-to-world financial platform for consumers, and a new-to-world digital marketing platform that provides merchants with a powerful alternative to traditional media/advertising.”

Business Model: Deliver targeted promotional programs to Facecard members via the edō marketing platform to boost ROI of marketing investments for our partners.