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MĂDĂLIN MATICA & MICHAEL ROSSI

Primii în e-commerce pe plan local și regional

The Leaders in e-commerce both locally and regionally.

Interview with **Michael Rossi**,
President of DotCommerce Ltd.,
and **Madalin Matica**,
Director of European Operations

Let's begin with the company background for DotCommerce Limited Boston and Dotcommerce Impex SRL Romania.

Michael Rossi: Dotcommerce Ltd was originally incorporated in Boston, Massachusetts, USA back in April of 2000. Our company began developing secure shoppingcart technology for online merchants to use and our success was immediate. As demand for secure gateway technology increased, we began developing secure gateway interfaces that helped to complement the widely used AVS (address verification systems). Dotcommerce Ltd Boston had built an excellent reputation in the US with the development of our secure gateway and shoppingcart technology. As security became the prime focus in our gateway technology, we decided we needed to test our gateway in a new market, one that was new to e-commerce, like Eastern Europe. The Eastern European market offered many fresh challenges for us and it became apparent that there was a need for a secure gateway technology that worked to enhance the security of both Verified by Visa and Mastercard Secure Code. We entered the Romanian market because Romania is the first Eastern European country to enter the e-commerce market. The Romanian government has done a good job in building the infrastructure to help promote free market forces and is working hard to promote Romania as the leader in Eastern European e-commerce. Dotcommerce Impex was created in late 2002 in anticipation of becoming "first to market" in E-commerce. We see Romania as the birthplace of modern day Eastern European e-commerce.

In 2001 we saw an inordinate amount of Dot-com's that went under. How did Dotcommerce cope with the crisis?

Michael Rossi: If one looks at the traditional business model in the US or Europe, seed capital is raised to provide the necessary funding for many new businesses. Most of the time, venture capital firms may approach a company that is "first to market" in their respective areas or that shows unparalleled potential in their respective markets. The venture capital funds advise and nurture these companies until they reach a level of profitability that warrants the execution of an exit strategy, usually going public.

What caused the dot com crash in the US was the simple fact that you had a lot of new companies being taken public before they were profitable. Traditionally, a venture capital firm invests in young companies, nurturing them to a point of profitability within 2-6 years. During the dot-com boom, many VC funds were presenting some of the largest investment banks with companies, some of which had no revenues yet, for Initial Public Offerings. Rushing these young companies to market, (some of which were only a few month's old) was something that was unprecedented in the industry. After the share price of these IPO's increased, investors who purchased shares in the after market lost big. Many of these same investment banks that once touted these new companies downgraded them, causing the share price to drop dramatically. Dotcommerce is a privately held profitable company. We were profitable within six months of launching the Dotassure Ecommerce System, Dotcommerce was able to recoup its initial investment and become profitable. This is NOT the norm in the industry. What sets us apart is that over the years we have reinvested nearly all of our profits back into the research and development of our product.

Michael Rossi

Our company never followed the traditional route that other dot-coms took. We were profitable within 6 months of starting the company because we were the "first to market" with our auto-branding shoppingcart software. The dot-com crash came and went with no effect on our company.

What is your mission?

Michael Rossi: Our mission is to help promote e-commerce in Romania and the rest of the Emerging European Markets. Romania has a great opportunity here, being the first Eastern European country to enter the e-commerce international community as the leader in e-commerce for the Emerging European Markets. Our goal is to create a united front with Visa, Mastercard, and the banks in Romania in enhancing their security and reducing online fraud. We have had years of experience in this area.

Madalin Matica: We strongly believe that our experience, of over 8 years, can be taken over by all the players of this market and that together we can eliminate the mistakes that occur at the beginning of any new activity. After the launching of the online payment system, we were the only payment gateway in Romania for 8 months. The competition makes us happy and more determined; we remain the indisputable leaders of the market. In April Dotcommerce clients generated 52% of all electronic commerce entering Romania, in June we reached 56% of the market.

Do you consider Romania and Eastern Europe in General to be a promising market for credit/debit cards processing services? Is the local e-commerce a field of successful business?

Michael Rossi: I believe the market potential for Romanian debit/credit card processing is huge. At present, the processing market in Romania is relatively small in comparison to the United States and Europe. This can change very rapidly though. The Romania government has done a good job of creating an infrastructure that helps to promote business and free market

Mădălin Matica

principles ahead of EU membership in 2007. The banking industry has been liberalized, credit ratings are improving, and Romanian banks are well respected in the international community. We feel as though the debit/credit card processing market in Romania and other countries in Eastern Europe is like an apple that is not yet ripe. When the apple is ripe, the market will explode.

Last Spring, Dotcommerce's latest version of the DotAssure™ system was made operational –to provide a complete ecommerce package for Romanian businesses. What do businesses need to know about this new system?

Michael Rossi: Simply put, the Dotassure Ecommerce System is the ideal system for businesses to begin selling securely online. We provide Romanian businesses a merchant account, secure gateway interface, and shoppingcart (if required) with full integration and support. No other company offers this combination of service or level of security.

Madalin Matica: Our system also allows each merchant to create up to 500 virtual shops (called auto-branding feature) to promote and drive traffic to your online business worldwide. This simple feature can increase your sales exponentially and optimize your search engine ranking. The most important feature of any of the Dotassure systems is the security. We use the most sophisticated encryption technology available with unparalleled fraud protection. Every business that signs up with us benefits from the most sophisticated technology on the market today.

We reported the launch of your website www.procesor.ro focusing our attention on Dotcommerce becoming the first payment gateway in Eastern Europe. Can you expand on this?

Michael Rossi: The Dotassure Payment Gateway was the first gateway interface built that offered customers a real solution for their security needs. As sensitive information flows from a website to Visa/Mastercard, that information must be sent securely, with many levels of encryption. We have found that today, virtually all of the online acquiring banks in Eastern Europe lack the security required for a web-enabled order to be processed with limited risk. Some businesses risk doing business online with a simple "integration bridge" that links their website to Visa/Mastercard. It is only a matter of time until their databases will be breached and compromised. This is a costly mistake, one that can bankrupt a business that took years to build. It's simply not worth the risk.

Does the Dotassure System provide any marketing advantages over traditional ecommerce systems?

Michael Rossi: It is absolutely an advantage for any business looking for a system that provides marketing tools. One feature of the Dotassure Ecommerce System was developed to allow one business to set up additional storefronts within 10 minutes. A merchant loads all products into his master storefront from his inventory. The Dotassure auto-branding feature allows the merchant to build up to 500 or more additional storefronts that can be given to other websites and online businesses who promote and market your goods and are paid a commission for each sale. The success of this feature has set a new standard in online marketing. Your sales force is limitless.

How is DotCommerce protect against fraud?

Madalin Matica: Dotassure based systems provide for the highest level of security and encryption. Our processing runs on Verified by Visa / Mastercard Secure code's 3 D Secure Platform. This platform is the newest technology designed to be "PIN" based. In addition, we use 3 different types of encryption in our gateway with Secure Socket Layering, Geo-IP and cookie tracking as well as AVS checks. Our security is based on a 3 tier system. We protect our clients using some of the following:

What is your company's relationship with the major commercial banks in Romania?

Michael Rossi: Our company has a very good relationship with all of the banks we are working with. The banks understand that in order to combat fraud, it is important to have a secure gateway interface to transmit transactions. In addition to making a transaction more secure through our gateway interface, we also screen all merchants looking to process with the banks. Our application is very extensive and requires a risk assessment on each applicant. The extensive due diligence completed on our part helps to complement the checks preformed by our banks. As hackers become more sophisticated, the banks really depend on our ongoing research and development of new technologies to keep fraud to a minimum.

As the leading gateway processor in the market, what are your future plans in order to maintain this position?

Michael Rossi: Our company currently processes more credit cards online than any other processor in Romania. We have a significant advantage over all other processors in Romania because we have been developing, refining and testing our technology for years. No one else in our market offers the same level of security, and the business community knows this. We are in the process of expanding into Hungary, Bulgaria and Poland this year and implementing our system based on our success in Romania. We believe that we have created a sound business paradigm going forward and look forward to helping Romania in it's quest to lead the Emerging European Markets into the 21st century in online e-commerce.

Cristian Pavel