



A Focus on Service Helps VIPGift Achieve Hyper-Growth

About VIPGift

VIPGift, a global incentive and loyalty company, develops customized incentive programs to promote outstanding employee performance, customer loyalty and new business development for Fortune 500 companies. VIPGift has used leading-edge technology to give its incentive and rewards customers more than 27 million reward redemption options. Its customers include Dell, UPS, Sherwin Williams, Underwriter Laboratories, Inc., and General Motors.

Situation

To distinguish its offerings in the crowded incentives and rewards industry, VIPGift emphasizes service, flexibility and customer choice. VIPGift recipients have access to an almost unlimited array of options available through a VIPGift PASS. The PASSs enable VIPGift's clients – who provide them as incentives to customers and employees – to customize redemption opportunities. This customer-pleasing combination has produced explosive growth. Though still a small company, VIPGift needed a communications solution capable of matching that growth, while meeting the high service standards of its big company clients.

Solution

For a small but fast-rising company, selecting the right technology supplier is a key to success. VIPGift chose AT&T to design and deliver a comprehensive solution to meet its high customer service goals. A self-healing AT&T SONET fiber optic ring network carries voice, long distance and Internet traffic, while an IP (Internet protocol) telephony system provided by AT&T handles intra-office and call center voice communications. VIPGift's web-based system, backed up by its call center operation, provides an easy and cost effective way to service users. The solution is highly reliable and easily expandable to support the company's rapid growth.

A Lifetime Commitment to Serve

The story of VIPGift is as remarkable as that of its founder, Hamid Andalib, who emigrated from Iran as a teenager just before the Iranian Revolution. His parents taught Andalib to live and lead "with the heart of a servant," and "be a gift to others," and he brought that ethic with him when he moved to the U.S. to attend college.

While a student in Tennessee, Andalib worked his way from dishwasher to restaurant manager. He completed an Electrical Engineering degree at the University of Tennessee and a Banking degree at Vanderbilt before he bought The Loft, the state's largest restaurant at the time. In order to expand the service that he provided to his customers, Andalib created a co-branded MasterCard, the first within the restaurant business. That success led him to help other companies launch their own cards. It sounds impossible, but this story is everyday business for Hamid Andalib. "I like the word impossible," he said. "I think life is too short to do things that are easy. You've got to do things that are very difficult and just move the horizon to the next level."

Andalib created VIPGift in 2000 to give clients a highly flexible, customized incentive and rewards program that precisely fits their needs, and those of their customers and employees. Instead of limiting award recipients to a short list of reward options or a handful of locations to use their gift PASSs, they should be free to use their rewards almost like cash, virtually anywhere they prefer. Andalib reinforces this perception of quality by providing convenient web-based account management, backed up by live agents available through web chat applications, or by telephone.

VIPGift Facts

- **Business Needs**
Deliver the highest level of customer service while growing at triple-digit rates
- **Networking Solution**
A robust and redundant fiber optic network carries web and voice traffic; an IP telephony solution supports interoffice and call center communications
- **Business Value**
Ability to serve large and demanding clients with the flexibility and scalability they require
- **Industry Focus**
Corporate incentive and loyalty rewards management
- **Size**
\$200 million annual sales



As Andalib sees it, VIPGift helps its customers accomplish their business goals. Its customers purchase the gift PASSs as a way to promote outstanding employee performance, customer loyalty and new business development. Both givers and receivers like the flexibility of the PASS-based approach. In addition, VIPGIFT offers clients a high level of service and customization. Each client can have a special section of the VIPGift web site set up with the client's brand and logo. The list of gift redemption choices can be customized as well. A grocery chain, for instance, can tailor redemption choices to prevent reward recipients from redeeming their PASSs for the competition's gift cards.

Innovation in a Massive Industry

A 2007 survey by the Incentive Marketing Association pegged annual corporate spending on travel and gifts at \$46 billion. Andalib estimates the entire industry at up to \$200 billion. Research by *Incentive* magazine found that 69 percent of companies believe gift cards and gift certificates are more effective than cash in motivating and rewarding employees. Firms use the cards to advance a wide range of business goals: to recognize performance, boost morale, build loyalty and trust, foster teamwork, increase or maintain sales, improve customer service, start or maintain business relationships and create new markets.

VIPGift arrived with a new idea and a commitment to service. "We created a global incentive solution – all electronic – delivered instantly to the companies, their customers and their employees," Andalib said. "We gave them the gift of choice, a gift card for gift cards. It is pretty much good as cash but it gives you a high perceived value."

That seemingly simple idea has been a huge hit. "Our first year we produced 6,000 PASSs and by last year we issued a couple of million," Andalib added. "This year we could process as many as five million different cards and redemptions. Our company began with less than \$100,000 in sales, last year we reached \$90 million and this year we expect to exceed \$200 million. For the last eight years we have tripled our annual growth."

Sharing a Commitment to Grow

Such exponential growth would be a dream for any small business – a dream that if not managed correctly could easily turn into a nightmare. Andalib knew his service-focused, web-based business would need a rock-solid base of technical and communications support to meet its goals of service and growth. That support would come from a supplier of comprehensive capability. He calls it "one of the most important and best decisions I made in my business life."

At an AT&T customer conference in 2000, he took the opportunity to describe his idea to several AT&T officers attending the event. "I walked right up to them and I said 'I have come up with a business idea and I want your company to be my strategic partner. I want to begin with two phone lines, but whatever you sell, I will buy.' They really took me seriously."

Two years later VIPGift was up to 100 phone lines, and still growing. So was the relationship with AT&T. "They came to talk to us about voice over IP (VoIP)," Andalib recalled. "I said 'let us be the one to test it.'"

The result is state-of-the-art networking. An OC12 SONET broadband ring network from AT&T carries VIPGift's voice, long distance and Internet traffic. It provides ample room for growth, together with the dependability VIPGift demands. In its offices and call center, an IP telephony system, designed and installed by AT&T, handles VIPGift's voice communications.

Today AT&T customers visit VIPGift to see its systems in action. When they ask Andalib for his secrets, he has two. "Number one, I was definitive in my decision to be a partner," he said. "Number two, I was whole hearted and gave the entire process to AT&T. In turn, I have their undivided attention."

The AT&T connection has freed VIPGift to focus on its customer incentive business, instead of its networking technology. "It has created scalability and depth for our company," Andalib said. "We won multiple \$20 million plus deals which ultimately came down to the fact that the customer trusted the way we are doing business with AT&T. That gave us the credibility to move forward."

"Delighting our customers has been the number one key to our success."

– Hamid Andalib, CEO, VIPGift

A Hundred Employees, a World of Opportunity

Its advanced technology enables VIPGift to serve its customers and grow its business with a remarkably small staff of just over 100 people. "Delighting our customers has been the number one key to our success," said Andalib. Most customers utilize the VIPGift website to choose and manage their gift card redemption options. They can also work directly with agents at the VIPGift contact center in Chattanooga, Tenn., using web chat or toll-free calling options. An interactive voice response system answers the needs of most callers, but live agents are available to assist.

"Right now we probably handle around 100,000 transactions in a week, but our capabilities are millions of transactions in an hour," said Brad Smrcina, Senior Director of IT. "The way our growth is, once we get to about 20 percent of our capacity we upgrade. We build everything with the ability to expand as fast as possible."

The foundation of customer service is dependability, so reliability and redundancy are core requirements. "We have to be operating 24x7, 99.99 percent of the time," Smrcina said. "We want redundancy on everything we bring in along with the ability to grow. AT&T designed the network so that we have two pipes coming in, but each one of them is redundant. If anything happens to either one of those pipes our traffic rolls over to the other one."

Running \$200 million in transactions with so few employees is impressive, but for Andalib it is just the beginning: he hopes to become a \$1 billion company with the same workforce. Though his ambition is

to grow, this inspiring leader has other goals in mind that never stray far from his commitment to serve. Around VIPGift's office are one of Andalib's favorite reminders – long-handled spoons. "We believe that a five-foot long spoon is too long to reach the mouth. We have got to feed others and they will feed you back."

This sentiment is pervasive, whether it be in dealing with customers, suppliers or internal staff. "Serving is the biggest thing that we do," said

Smrcina. "I serve my employees and try to do everything I can to get them what they need because that's what Hamid does with us. It carries all the way through to the company."

"We believe that we already are successful," Andalib added. "Now we focus on being significant. And significant means that everybody who works in our company has a great life."

For more information contact your AT&T Representative or visit us at www.att.com/business.