

A woman with short, styled blonde hair and red lipstick stands in front of a row of black server racks. She is wearing a black pinstriped suit jacket over a white collared shirt. Her hands are clasped in front of her, and she is wearing a watch and a ring. The server racks behind her have various labels and lights visible.

# A RAGS TO RICHES STORY



## An ISO Rags To Riches Story

Mary Gerdts came from humble beginnings but re-created herself as a business leader. Along the way, she helped ISOs win the respect of the payments industry.

**M**ary Gerdts has come a long way. After growing up poor in tiny Illinois towns, she worked her way through school, figured out how to stay afloat in the big city and amassed a fortune by making herself indispensable to the hotel industry.

As president of the Electronic Transactions Association, Gerdts helped lead the trade group into the modern era by convincing the board to open a Washington office and hire a full-time staff.

At the same time, she prodded the card brands to cooperate on a single data security program. The collaboration that resulted helped bring about the PCI Council and the Payment Card Industry data security standards.

Later, Gerdts helped found Women Networking in Electronic Transactions, or W.net, to mentor and network with women just entering the industry.

Looking beyond her own humble beginnings, she came to realize that children of the affluent can find themselves impoverished in other ways. She's worked to help them through the Malibu Foundation for Youth and Families.

Gerdts recently sat down with *ISO&Agent* to reflect on her accomplishments. The interview has been edited for length and clarity.

**ISO&AGENT:** *Could you tell us about your early years in Illinois?*

**GERDTS:** I was born and raised in a small town of 800 people called Thomasboro, Ill. It still has 800 people today. I lived there through my sixth-grade year. I was raised very poor. We were a family of six in a two-bedroom trailer.

The best thing that ever happened was my younger brother who was seven years younger than me was playing with his cap gun and caught a mattress on fire. Our trailer burned down. My parents had just divorced the year before. We got displaced for a period of time

BY ED MCKINLEY

"I was raised very poor. We were a family of six in a two-bedroom trailer."

– for about nine months or maybe a year. Then my mother was able to buy a house, which I didn't think we would ever own, on assistance. It was in Gifford, Ill., another small town of 800 people.

I lived in Gifford until I graduated from high school. Then I moved to Champaign, Ill., and worked full-time as a secretary for a life insurance agent. I also had a second job where I was a receptionist at beauty salon that was open until 9 o'clock at night.

But I knew that for me to move forward in life I needed to go college, and nobody planned for college for me. I didn't go to until I was 20. I went to Parkland College and then transferred to the University of Illinois. But I didn't graduate from the U of I; I'm ironically one credit short in economics, which always tickled me considering what I do today.

**ISO&AGENT:** *What did you do after college?*

**GERDTS:** I just knew I needed to get to the big city. When I was around 24, I picked up and moved to Chicago, not having any money, not knowing anyone, not having a job. I thought, 'I'll figure it out when I get there.'

**ISO&AGENT:** *What did moving to Chicago teach you?*

**GERDTS:** Eventually, I realized I wasn't meant to work for other people. I'm not very good at politics. I'm very passionate about whatever I'm putting my heart and soul into. I put 110% into it, and I'm really not a glory grabber. So, I just really didn't work well in the corporate world.

One day, after I got fired for doing my job 110%, I said, 'You know what – I'm never working for somebody else again.' I spent the next two years looking for some kind of company to start, which was crazy because I had no money and I didn't know how to do it. I took a commissioned job in sales so I could continue to think about how I could start my own company.

That's when I went to work for an ISO. It was a true ISO, meaning that it just resold. They didn't service much. It was the true, original definition of an ISO. I loved the business because I understood residuals from working at an insurance company.

But my ISO was never paying me. So, eventually, I said, 'If I'm going to do this, I might as well do this for myself. I'm confident I can work as hard as I'm working and not get paid on my own.'

**ISO&AGENT:** *How did you choose hotel payments as your specialty?*

**GERDTS:** When I was working for the ISO, another sales agent didn't show up for a meeting at what was then called the Swiss Grand Hotel in downtown Chicago.

Well, the director of finance at the hotel called and said, 'I'm very interested.' My president asked me to go to the meeting and I did.

I knew nothing about hotels and the best I could do when I sat down was to say, 'Tell me what your problems are, and I'll see if I can help you out.' They spent the next two hours telling me about all the challenges that they had in the hotel industry, and I was fascinated by it. I was actually hooked. It was like a love-at-first-sight thing for me because I love challenges, and I love solving problems. I'd had no idea before this how complicated hotels were.

It began a great partnership and a great friendship. I signed them for my ISO, and the director of finance allowed me work in all sectors of the hotel to learn it. I would work behind the front desk, I would help them process their charge-backs in accounting. He allowed me to learn pieces of hotel operations I wouldn't have learned otherwise.

Then the hotel's director of finance kept saying to me, 'Why don't you go out and start your own company?' I thought to myself, 'Little does this guy know I can't even pay my rent right now.'

But at some point I decided, 'What do I have to lose – I might as well go start my own company.' That's how I jumped off the cliff, if you will, in 1991. At the time I had just met my then-boyfriend, now husband. My half-sister had a company in Chicago where I worked full-time as a bookkeeper with the understanding that if I got a phone call or a page from a potential client, I could go to a private office and return the phone call.



That's where I got my reputation for phenomenal customer service. These people would say, 'We leave a message, and you call us back immediately.' I'm thinking, 'Little do you know that I'm working a full-time job and trying to start this company.'

I had no money, I had no computer, I had no fax – I didn't have anything. Every day, I would get off at 5 o'clock from my bookkeeping job and go to what was then Kinko's on Wells Street in Chicago. I would rent computer time, and I would bring in my little disc and do my proposals. I would print them off and use their fax to send them out because we didn't have email at that point – or at least it wasn't mainstream and I didn't have it. Then they would fax them back to me and I would pick them up the next night. So everybody at Kinko's knew me. I was in there every night doing my work.

**"I had no money, I had no computer, I had no fax — I didn't have anything."**

Eventually, my boyfriend said that if you're going to make a go of this, you really need to go full-time. About a year into it, I decided I was going to do it full-time and started Post Integrations Inc. That was the fall of '92, and from that point on, it just gradually took off.

It ended up being a phenomenal success. My gut was right. There was a niche in the hotel industry because it's so complex and it's so underserved.

**ISO&AGENT:** *How did you start your processing company?*

**GERDTS:** I hit a wall in my ability to solve the problems of the hotel industry because there were not processing platforms out there that really accommodated their complex needs.

So in 2001, I built my own platform and started a

second company called EboCom LLC, a full-fledged back-office processor. We do what TSYS does, the difference being that do it only for Post.

I built a processing platform from the ground up



that is multilayered. In most of my hotels they have more commerce than my town where I grew up. In my world it's like putting a roof over the small town of 800 people, and that's a single merchant.

There's a need to process that merchant collectively with regard to deposits and fees but also be able to individually track their revenue centers. They want to know how much money that revenue center actually earned in credit cards and the fees — and the chargebacks. And, most importantly, they want that individual name of the revenue center to flow all the way through to the cardholder statement. We have the only platform that can do that, and it's only because I understood the need to build it because hotels function that way.

**ISO&AGENT:** *How did you create the platform?*

**GERDTS:** I didn't personally program it, although I sat with my programmers. I am the designer and the architect of the software for the merchant interaction. The user interfaces are my vision because I think it's so important to be user-friendly.

I actually don't code. I have a team of technical people and developers who do. However, my fingerprints are on everything with regard to that original software. Today, I don't do it because I have fabulous people in place who do it for me. But from the beginning that was what I did – 12 years ago.

**ISO&AGENT:** *You were ETA president in 2002 and 2003. Wasn't that when the association opened its Washington office and hired its first full-time staff?*

**GERDTS:** That was my vision for ETA. It was challenging because in the beginning it wasn't everyone else's vision. But I knew that we were at a critical point as an association. We needed to step up and claim our power. We controlled the merchant-acquiring industry, but we didn't get the credit or the respect. To make that happen, a number of items needed to happen.

First, we needed to move our headquarters to Washington, D.C., to be in the thick of where I saw the ETA going or the industry going — which was Capitol Hill.

The other thing that I thought was critical is that we bring on a full-time executive director and a full-time staff so that we had control over our brand image. We needed to be consistent in what we wanted to be as ETA.

It was quite an enormous task. I hired Carla Balakgie (as executive officer) and told her what my intention was. We had to make the transition in less than four months, and in the beginning we didn't have an office, computers, a staff, a network or control of the database.

Years later, Carla laughed about it. She said, 'What I learned about working with you is you have no concept of time and space. When you decide to do it, you just make it happen. So I just strapped in and came along for the ride, and I was shocked that we did it in the time period we said we would.'

In June of that year we were in D.C. It's one of the most incredible things we've accomplished as an association because it really set us up right for who we are today and our involvement in Washington and our involvement with the PCI Council.

*"(The ETA) was at a critical point. We needed to step up and claim our power."*

**ISO&Agent:** *How did you overcome the opposition to change at the ETA?*

**GERDTS:** There was great opposition in the beginning. Our board at that time consisted of 50% long-time board members and 50% who had only been there a few years. There was an old guard and a new guard. I didn't take any of it personally, and I don't think anybody intended it personally. But sometimes people are just frightened of change. I'm a person who loves change and embraces change because I think change is good.

It took time for them to realize I'm a person whose heart is always in the right place. I'm always looking to do things for the good of the whole. Once they finally realized that I was doing this for the right reasons, they realized that perhaps it was time to move to the next level.



Then, little by little, I garnered support. I couldn't have made it happen without the support of the board. It was important that we were on the same page. The board did a phenomenal job of helping to make it happen. I think everybody was proud of what we accomplished.

**ISO&AGENT:** *Did those two moves elevate the ISO community in the eyes of the rest of the industry?*

**GERDTS:** They did. Every industry has a few bad apples that challenge the good ones. As a whole we have a good industry. Our challenge was the card brands were more aware of the few bad apples. They were not aware of the mass of the industry, which were all very good players.

What this allowed us to do was give the card brands more insight into the industry. Back when we were making this move in 2002 and 2003, you would never have seen the card brands supporting much of anything with regard to ETA.

In fact, in 2003, one of the key things that I was able to accomplish – which was a challenge and a half – was to bring all the card brands together on a stage to discuss security. Never before had all the card brands appeared together because of antitrust. But bringing them together was the start of the Payment Card Industry Data Security Council.

I believed in the importance of security because I had been a back-office processor. I was pushing it, but I wasn't getting a lot of traction. So, I put together a panel for the fall meeting that year, which I was still heading up. I requested that all the card brands – Visa, MasterCard, Amex, Discover and JCB be on stage at the same time. It was challenging to get that approved by their legal counsel, but we made it happen.

We had all the key players there. They came on stage and realized that we were an important group. If they were going to move forward with this critical new initiative, they needed our support. All those pieces fell in line like little soldiers to provide the support that we

have today from the card brands and the legitimacy of the ISO community.

**ISO&AGENT:** What else did you do to help start the PCI Council?

**GERDTS:** I did not sit on the PCI Council, but I was very vocal. John Shaughnessy, who headed security for Visa, would say I hounded or even stalked him to start a data security program for the entire industry. Before that, everybody had a different one. We had too many masters when it came to security.

**ISO&AGENT:** You were a founding member of W.net. What were the organization's initial goals?

**GERDTS:** We wanted to inspire and empower women in the acquiring industry. At the moment we got together there were a lot of great women leaders in the industry, but we looked over our shoulders and saw that not enough women were coming up in the ranks.

Prior to that there was simply no outlet for women to get together. There was nothing.

**ISO&AGENT:** *Were you involved with starting the W.net's Local Interest Network Circles, or LINC meetings?*

**GERDTS:** When I looked at W.net, one of the key things for me was to come upon a structure to carry this through for the future. We learned that women all over the country need to get together more often than we met as an entire group. A passionate member in Atlanta could spearhead that LINC, for example, and they could pull together the women in Atlanta to provide networking and informational sessions – whatever they decided their LINC wanted. That would keep the association going between the one or two times a year the entire group got together.

LINC's happen only through the dedication of the local women. I came up with the structure, but those are the women who make it happen.

**ISO&AGENT:** *You started awards programs at W.net and ETA, didn't you?*

**GERDTS:** People give their heart and soul to an association, and they're not looking for much in return.

They're just looking to be appreciated and recognized. It's about effort and support.

**ISO&AGENT:** *You've been a board member of the Hospitality Financial & Technology Professionals and president of a local chapter?*

**GERDTS:** I joined that association when I started to realize I loved hotels in 1989 or 1990 – before I started my own company. The way my staff and I look at it, we serve two industries: the credit card acquiring industry and the hotel industry. Hotels are my life.

**ISO&Agent:** *You've been on the board of the Malibu Foundation for Youth and Families in California?*

I had a friend who kept bugging because they wanted a business-minded person on the board. But I wondered what an area like Malibu would have in the way of challenges compared to the rest of the country? As much or sometimes more, I found out.

You have three groups in Malibu. There a lot of lovely families with loving homes, but you have a lot of poverty and families challenged to make ends meet and sometimes they become dysfunctional. What I didn't expect but ended up understanding

about Malibu is there a lot of kids who are blessed financially but are poverty-stricken emotionally and when it comes to their home life. They turn to drugs and they have the financial means to make that happen. It was a new depth of understanding.

**ISO&Agent:** *What do you foresee for the industry's future?*

**GERDTS:** It's an incredibly phenomenal industry. The next five years will be very fascinating.

The card brands are still trying to fit in their new skin of being public companies. As they mature and as new leadership is brought in, they will begin to look at themselves more as technology companies. That's what they are — phenomenal technology companies. They will focus on being cutting-edge and that will be their brand versus being run by the banks.

That's nothing but good for the ISOs. The card brands are the technology innovators for the acquiring industry, and they have the infrastructure to make that happen. For those ISOs who choose to be more than a contract reseller, technology will bring opportunity. **ISO**