

New Currency BizX Dollars is allowing a Community of Businesses To Grow while Buying and Selling Amongst Each Other



Bob Bagga
CEO & President
BizX

CEOCFO: *Mr. Bagga, would you tell us the concept behind BizX?*

Mr. Bagga: BizX is a community of businesses that buy and sell amongst each other. Rather than using US dollars cash, we use our own currency BizX dollars. The reasoning behind it is two-fold. We help the members within the business community help upgrade each other's businesses and that are done in a couple of ways. The first is that they are able to track new and incremental business from other members within BizX. The second is that they are saving cash so when it comes time to pay for business expenses they do not have to write a check; they are able to pay with BizX dollars.

CEOCFO: *What is the tax situation?*

Mr. Bagga: It is tax-neutral. You earn BizX dollars, you get a 1099, you record it as revenue on your books. It is very clear, you get a 1099 B. The IRS actually likes us. I think it is topic 420 within the tax code. Any BizX dollars you earn you take as revenue on your books and anything you spend as long as it is a legitimate business expense you deduct or depreciate.

CEOCFO: *Which types of companies benefit most from this type of arrangement or tend to use it most?*

Mr. Bagga: They are all shapes and sizes and primarily companies that are looking for new business. It is a great way to get incremental sales. If you are running at 100% capacity, BizX is not going to help you as much as one company that has capacity. Companies that have a higher fixed cost and lower variable cost, companies that have perishable inventory like hotels or media tend to do a little better. We have all types of companies from lawyers, doctors, accountants, to retailers of furniture. In our office in Dubai, we are working with car dealers. From a company size perspective, you have small and medium sized companies to larger companies like national media houses, publications like Inc Magazine. We work with sports teams like the Oakland Raiders or the Seattle Seahawks or Seattle Sounders to the Golden State Warriors. It is a real mix. We work with a number of small and medium sized businesses as well.

CEOCFO: *Did the use of Bitcoin help people understand the concept and look for alternatives?*

Mr. Bagga: What Bitcoin did is it created awareness that there is room for additional methods of payment. I think we are sitting in the early stages of massive change and adoption on how people pay. I think Bitcoin is one of those as a non-cash alternative. Today you can use 349 points at McDonald's or at Amazon. There are various different iterations. Whereas a few years ago, it was strictly US Dollars or government issued currency, you are starting to see different flavors and that could be in the form of points, BizX dollars or Bitcoin. I think what Bitcoin did was create awareness that there are alternative methods of payment beyond cash.

CEOCFO: *Do you help a company decide how to value their services in terms of a BizX transaction?*

Mr. Bagga: One BizX dollar is equal to one US Dollar so the valuation part of it is fairly easy and that is a big difference between us and Bitcoin, where Bitcoin value is constantly fluctuating, with BizX we are pegged to the dollar. The same price that they would offer the product or services in US Dollars, they would offer their product or services in BizX dollars.

CEOCFO: *Is it up to the buyer and seller how they are going to value products or services?*

Mr. Bagga: Yes it is. If I walked into your orthodontist with a health insurance plan I might get charged X, but if I walked in with a credit card typically the rate that should be used for BizX is the same for that credit card rate.

CEO CFO: *How long has BizX been available?*

Mr. Bagga: We started in 2002 so it has been around thirteen years.

CEO CFO: *Do people tend to stay?*

Mr. Bagga: Yes they do. We have a very low attrition rate and the reason why is because we add value to your business. BizX generates. Last year we had a positive impact on these businesses and the fact that we bring them new customers and help them save cash. Last year we probably saved our customers over \$35 million in hard cash that they would have spent otherwise they used BizX dollars.

CEO CFO: *Do companies or individuals understand the concept easily?*

Mr. Bagga: We have gotten everything from this is too good to be true, to some people just understand it. I would say larger companies are a little more apprehensive in trying new things. I would say more entrepreneurial type companies get it. Our origins come from the basics of bartering. I would say 30% of the world's commerce today is non-cash. Some large companies are involved in barter so for example when Pepsi went into Russia they were paid by ships full of vodka in exchange for their marketing rights. When Mercedes Benz went to Ecuador, they got bananas in exchange for busses. With some larger companies, it is going to take some time and there is the overhead you deal with. What we have found is that we have reduced many of the barriers of entry for people just to try it now as well. There is no membership fee and people can try it out and see if it works. They can see at what level it makes sense for their business.

"BizX is a proven way for businesses to upgrade their top line and their cash flow. Smart businesses from Fortune 500 companies to small and medium businesses have taken advantage of it." - Bob Bagga

CEO CFO: *What happens if BizX goes away and where is that money residing?*

Mr. Bagga: We are designated as a third-party record-keeper of all member accounts of these transactions. We have accounts with positive balances and negative balances and in fact some accounts we offer line of credit to. If something were to happen at BizX, a trustee would come in and manage the exchange of positive accounts and negative accounts, then continue.

CEO CFO: *Are there some types of services that do a lot better?*

Mr. Bagga: Media tends to do well, travel tends to do well, retail tends to do well as well as a lot of B2B services like printing and things like that. Some highly technical B2B like oil solvents or aerospace parts or things like that. We are probably more consumer facing even though we are B2B but it is more consumer facing within the B2B and less manufacturing on a larger scale. For any business that has excess inventory, we are a great way to generate new revenue as well as help offset costs where there is capacity.

CEO CFO: *Would you talk about your international exposure?*

Mr. Bagga: In 2007, we set up an operation and we are dealing with larger companies over there within the region. Larger transactions in media, real estate; we handle all the media for the INAUDIBLE Automobiles who is the importer for Audi, Volkswagen and Porsche. They buy all their media using BizX dollars and then they pay for it with cars that otherwise would be slower-moving inventory or items that they want to sell off using BizX dollars. The number of customers we deal with over there is a lot less but the volume is quite large.

CEO CFO: *There are reviews on your site as far as the different organizations that participate, is that a growing feature?*

Mr. Bagga: I think it is. It is all about the community so we want more reviews. We think that helps keep the sense of community. We are investing in some new technology that we are even going to take to the next level. I think reviews are huge and it is all about the community, so we want it to be all about the members. We want to create more ways for members to interact and work with each other.

CEO CFO: *Where do mobile and social media come into play?*

Mr. Bagga: We have a very antiquated version of mobile right now but we are working on our next version of mobile, which we are hoping to launch before the end of the year. We are consistently iterating new products and we are running three-week development cycles. Priorities do constantly change but every three weeks you should see some improvement to our website. I cannot comment specifically for a timeframe but there are a number of these things in play right now.

CEOCFO: *What surprised you throughout the process?*

Mr. Bagga: What has happened which has been great is the sense of community within the businesses. I see that growing. I'm also surprised about how much people really care about other businesses within their community and how much of an impact BizX actually has to the local community. I was talking to one of our client's members and he said he did \$70 thousand in BizX that helped his cash flow grow by about \$40 thousand and he was able to hire a new employee that he normally would not have had. That surprised me about how the economic impact that we are able to have which is good. On the other side, when we started our business originally we were offline and in 2012 we started investing heavily into online to see that we could automate this and grow. We are now starting to see signs of that growth and the hockey stick curve up into the right but the first couple of years the adoption was a lot slower than I had expected it to be.

CEOCFO: *What is the business model?*

Mr. Bagga: We are transaction fee based so our success is based on the success of our members. Typically we charge between 12% and 15% of the transaction and we split that up. When a member buys a thousand dollars worth of goods and services, they will pay us a transaction fee of 6%. When a member sells in a thousand dollars, they pay us 6% so we are paid and we are incented based on the successes of members.

CEOCFO: *Why pay attention to BizX?*

Mr. Bagga: BizX is a proven way for businesses to upgrade their top line and their cash flow. Smart businesses from Fortune 500 companies to small and medium businesses have taken advantage of it. If you want to have a leg-up on your competition and grow top line and grow cash flow and get the right type of customer in such as CEOs, founders, entrepreneurs, full price without discounting your brand; BizX is the proven method to do it.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine



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