

Executive Summaries for VerLos/ VerDar

Our plan consists of two linked businesses serving Hispanic foreign nationals in the US: VerLos, an Internet video conferencing service, and VerDar, a remittance service. Below are the executive summaries and the rationale for this dual venture.

VerLos (“see them”)

VerLos is an Internet-based communication solution for U.S. foreign nationals and residents with family and relatives in Latin America. Despite a very strong demand for communications – our clients often go years without seeing the loved ones back home that they support – their options are unsatisfactory. Travel is difficult because of cost and legal issues. Mail service to Latin America is unreliable and subject to long delays. Elaborate video-conferences such as those employed by large companies are far too expensive. So the telephone is the option of choice, despite inherent limitations in the medium, and additional problems of poor connections, echoes, and delays to Latin America.

The Internet however, could provide excellent communications were it not for lack of access to PCs in these communities both here and abroad, and low levels of literacy and computer literacy.

VerLos’ mission is to provide low cost video-conferencing for about the price of a phone call to its target market by establishing coordinated, high-speed Internet access at the two communication endpoints in settings that facilitate the use of communication programs. This will entail establishment of Internet access facilities in the densely populated neighborhoods where Hispanic workers reside, as well as in the areas of Latin America where their relatives live.

Although this is a vast potential market, it can be implemented on a small scale and quickly profitable because migration patterns create sister communities. Migrants from the same city or town in Latin America tend to come and settle in the same area in the U.S., so we can start pair by pair. Costs can be kept low for small-scale operations: older computer models will work fine, simple tables and chairs will suffice, and our customers live in the lowest-rent districts. In Latin America, we will work with partners to provide Internet access, site management, and connectivity, including the use of a new fiber-optic line across the Gulf of Mexico and satellite and wireless connection technologies.

Ideally, the VerLos solution will be implemented on a large scale, with hundreds of terminals in the large U.S. cities and also the large Latin American cities. Larger Internet cafes prove to be very profitable wherever access to the Internet is otherwise limited, which is the case throughout all of Latin America, and with our target market here in the U.S.

Providing Hispanics with Internet access is a profitable business in itself, but having storefronts in both the U.S. and Latin America for the purpose of Internet communications also provides an ideal entry point for any other businesses that can capitalize off of this dual presence. The greatest potential is for launching a remittance business that allows the U.S. workers to send money back to Latin America. With webcams, these remittance deliveries could be captured in real time.

VerDar (“see”, “give”, “truth”)

\$20 billion will be remitted to Latin America from workers in the U.S in 2000. More than \$2 billion will be paid in transaction fees, almost entirely based on the Western Union cash wire transfer model developed in 1871. But the model has stayed in effect, because of significant entry barriers: A money transfer business requires Extensive investment in physical store locations, A broad network of agents, and/or Hired personnel in both the sending country and the receiving country, along with excellent coordination and communication

This infrastructure has also resulted in high costs associated with money transfers. To the extent these costs can be mitigated or spread out, entry is facilitated and high levels of profitability can be maintained, even as prices charged to clients can be dropped significantly. As a result of VerLos, these infrastructure costs will already have been incurred.

Internet-Based Cash Remittance with Visual Confirmation of Receipt

VerDar is a simple combination of the Spanish verbs see (ver) and give (dar). This sums up how our main service works: remitting workers use our firm to send money to their relative who receives it at our sister store in Latin America, all transactions being captured in real time by webcams. There is no doubt that the money has been received, how much has been received, and no doubt about who has received it.

Installment Payment for Goods

The purchase of expensive capital goods such as refrigerators, TVs, and satellite dishes in Latin America requires a large sum of cash to either (a) be hoarded by the un-banked recipients of remittances in Latin America until enough is gathered to buy the large ticket item, or (b) be hoarded by the un-banked sender of the remittance here in the U.S. until enough is together to be wired to the relative to make the purchase. Both options are inefficient and unsafe. As a VerDar service, we will offer installment payment for such purchases. We will work with Latin American stores and distributors; in addition, we will customize these purchases with plaques to commemorate the gift, a procedure that works well within any donor based system.

Long Term: Weaning Latin Americans off Cash

Sending cash is grossly inefficient; often the route is circuitous and the capital requirements are extensive to make its disbursement convenient. Eventually, as Latin America becomes more developed, so will the payment methods available to its residents and its remitters abroad. As long-term projects, VerDar will develop systems to meet these needs as developments in Latin America permit. Obviously, these systems will come at great expense to develop and implement, but once in place, they will drastically reduce the excess costs of an inefficient, almost entirely cash economy. Such developments will cannibalize the cash remittance business, but they will inevitably come, and VerDar will be ready to profitably usher in this new system.