

# FORTUNE

Spring 2008



## A Perk That Works

VIPGift tailors incentive gift card programs for companies that want to reward loyal customers and employees.

**A guard at the U.S. Embassy in Iran** was pointing a machine gun at A. Hamid Andalib's back. It was 1978—the beginning of the revolution that ushered in Ayatollah Khomeini's reign. Andalib, then 17, had been waiting in line for two days to get a visa to the U.S. If he didn't leave the country, he had no chance of achieving his dream of studying electrical engineering. The new regime was closing universities. When the crowd became unruly after news reports that it was the last day the embassy would issue visas in the foreseeable future, Andalib climbed onto the wall surrounding the building. He urged everyone to take a number in a lottery, so at least some would get the documents they needed.

The crowd got into line. The guard forced Andalib to get down, but he secured his visa. Today, at 47, he is the CEO of VIPGift, an incentives company in Chattanooga that projects \$250 million in sales this year. The company has distinguished itself in the fragmented industry by becoming a one-stop shop, offering big corporations customized solutions supported by cutting-edge technology. VIPGift enables its corporate clients to offer their customers valuable rewards such as co-branded, prepaid MasterCard and Visa cards. It also offers companies the option of giving employees the VIPGift PASS, a gift card that can be redeemed online at the recipient's merchant of choice.

"No one has ever offered it before," Andalib says. His goal? Running a \$1 billion company by 2010. He is on track to achieve it, having issued more than 1.5 million debit cards and VIPGift PASSes last year; sales of the VIPGift PASS increased 154% in 2006. "To be worthy of the opportunity this great country offers, I want to create something of value," he says. His timing is auspicious: Total spending on merchandise and travel rewards used for incentives in 2006 was \$46 billion, up from \$27 billion in 2000, according to the Incentive Federation, a trade group. Most big companies surveyed expect their spending to increase or remain the same in the next two years.

Andalib's entrepreneurial journey started in Chattanooga, where he attended the University of Tennessee and waited tables at The Loft restaurant, which seated over 600 guests.

By 1999, Andalib dreamed up the VIPGift PASS. He began with a few local clients, such as Blue Cross Blue Shield of Tennessee, and offered only 75 redemption options. Today, VIPGift now offers 26 million merchants, products and services worldwide. Soon, General Motors, UPS, Dell, and other large corporations became his customers.

Andalib began approaching other big corporations, winning them over with his long-term strategy for VIPGift. "He started with only a couple of phone lines but he had a dream," recalls David Scobey, president and CEO of AT&T Southeast, in Atlanta. "Eventually business expanded and the company became a great partner with AT&T." Many firms like providing incentives that fit employees' preferences. "There are so many options for cashing in the gift card," says client Sissy Stevinson, vice president of human resources for the Eastern Group of HCA in Nashville.

With new plans to sell the VIPGift PASS in stores and banks, Andalib expects 2008 revenue for these products to continue to grow. Gary Norcross, for one, isn't surprised that Andalib has uncovered a profitable new market. As president of Fidelity National Information Services, which processes financial transactions for VIPGift, he has experienced Andalib's commitment to growing the company firsthand. "As you get to know him, you realize the extent of his vision for his business," says Norcross. He's targeting a lucrative niche in a booming industry. —E.M. Sicoli



"To be worthy of the opportunity this great country offers, I want to create something of value," says VIPGift CEO Andalib.