

Memorandum of Transmittal

MARIST COLLEGE



Memorandum

To: Instructor: Debra Zambito
Title: Business Paper 2

From: Bus 100N-123: Gr #3
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Date: **October 25, 2016**

Subject: Business Plan 2

Attached please find the assignment name which is due on __10/25/16__ as the first business plan assignment in BUS 100N-123, Introduction to Business and Management, your class meeting day and time THURS 5:00-6:15PM.

The work and writing presented in this assignment unless specifically specified in an appropriately cited footnote, endnote or reference note is solely ours.

Attachment

1. Henry Helgeson attended Marist College and was interested in the payment industry. He wanted to find a lower cost solution for small businesses. Consequently, in 1998, CEO and Co-Founder, Henry Helgeson launched Merchant Warehouse. This company, now called Cayan, was the first company to provide easily accessible and affordable credit card processing services and equipment. Additionally, they have continued to grow and develop as a company as they were the first to build their own mobile application to accept credit cards and also the first to certify point-to-point encrypted card readers. Moreover, Cayan was the first to give businesses an easy way to adopt new and emerging payment types with Cayan Genius. Cayan Genius is the first Customer Engagement Platform to embrace the possibilities for payments today and in the future. Genius is designed to continually evolve and scale for growth, which helps businesses to add new payment, gift card programs and loyalty solutions at any time. They continue to align to the shifting needs of their customers, partners, and the payments landscape. In addition, they continue to help businesses to become more successful while also embracing the power of technology to increase customer engagement.

2. There are many different assets included in the Cayan's operation. These range from equipment used by consumers, to a cloud-based platform called Genius. These also include other features from the operations, such as gift and stored-value and payment processing. The equipments are interactive pin pads and software solutions which include terminals. The Genius Platform is a cloud based payment system where changes, updates, and features are conveniently forwarded to every device.

Cayan is a company that is dedicated in developing payment products that are required for a businesses success in the long run. For example, recently Cayan has been working with ControlScan and Trustwave to better their Genius platform. With that product development, Cayans platform can now use the Self- Assessment Questionnaire (SAQ). The SAQ is for merchants who process cardholder data through the point of sale system or a payment application. Another is through standalone which is an

approved point of interaction devices that are connected to the payment processor. When it comes to management style, Cayan leads more in a democratic way. This is known because every individual team member is acknowledged and their opinions and inputs are valued.

Core competencies are an advantage that differs and distinguishes an enterprise from its competitors. Cayan's competencies would fall under the category of teamwork, empowering others, communication, and interpersonal awareness. Communication is a major factor for a successful company. Having positive and negative feedback from customers and other departments, the company is able to comprehend what is needed to make the next lucrative step. Awareness is having the ability to notice and interpret others' concerns and feelings toward a specific product or idea. Understanding the importance of others, even after being highly successful in the payment industry, gives Cayan gratification from customers and leverage in comparison to its competitors.

3. Cayan's income comes from these four main products (services) the company provides

***Payment processing-** This process follows a series of steps from authorizing to settlement then funding.

Authorization is the first stage of payment processing where you check whether your customers' credit/debit card has enough money to perform the transaction. This stage has its own series of steps where information is "transmitted" between the customer, card issuer and payment branch to approve, deny or refer a transaction. Overall all these steps are completed in a matter of seconds. The step coming after authorization is settlement. At this point the buyer has already purchased what he/she wants.

Settlement is the process of managing electronic payment transactions so they can be funded. At the end of this process the customer gets his or her card statement. On average Cayan processes \$2 billion worth of transactions a month and charges each transaction with a rate of 0.7%.

*** Genius platform-** Cayan rents the Cayan Genius Platform to its partners.

***Equipment-** Cayan provides the latest retail and mobile payment terminals, pin pads and software solutions.

***Gift Cards & Stored Value** - Cayan provides comprehensive gift card and stored value setup .

Competitive advantages for the company -Some of the advantages that give an edge are the speed,realtime update,security,integration and versatility of their products.

Speed- Cayan's Chip IQ technology uses 3.44 seconds to scan an EMV.

Real time Update- Genius enables equipment software and customer account update without manual entry.

Security and integration- Genius Platform keeps sensitive customer information safe by keeping it away from the point of sale and does not require double entry once a customer has entered his /her information

Versatility- Genius uses verifone terminal which enables merchants to accept all payment types which include, Samsung pay, Apple pay, Google pay and will be adoptable to new payment methods.

Critical Success Factors

A Critical Success Factor is an element or activity required for ensuring the continual success of a company or organization. Critical success factors can be identified by dissecting an organization's mission and business projections. Then a process can be undergone to uncover necessary actions to achieve these goals.

In the context of Cayan, their given mission is as follows: providing affordable credit card processing services for businesses of all types and sizes, and helping businesses be more successful while also embracing the power of technology to supercharge customer engagement.

Critical success factors: Keep Cayan affordable. A specific approach to this goal would be to maintain effective and efficient work to lower extraneous costs and avoid having to increase prices. Keeping a company efficient and effective in its work habits involve having good training and regular

communication with its employees. The company should be aware of its spending habits and make sure that funds and resources aren't being abused. Be able to support and help businesses of all sizes: This goal can be achieved by having a well trained multi purpose staff to be able to work with both large and small businesses. Having teams that can adapt to different types and sizes of business is the most efficient use of employees. This eliminates the need for having numerous and sometimes unnecessary positions and employees in human capital structure of the business.

Embracing the power of technology :Cayan will do its best to keep up to date with anything new and useful in the given scope of payment processing to stay ahead of competition. Perhaps there will be advances and new products to utilize in terms of payment terminals, or more efficient software solutions. Supercharge customer engagement. Any business should maintain connections to customers with regular communication and support. Cayan wants to keep customers satisfied and listen to their needs to produce the best product possible. Customer engagement is important to increase repeat business with key customers and have those customers be active advocates of Cayan's product.

Competition

Cayan's competitors are primarily other payment processing companies with their own software and card reader terminals. These are companies that compete with Cayan directly in being the best form of payment processing solutions. Indirect competitors to Cayan are companies that might not compete with Cayan's product directly, but their actions can impact the field and industry in which Cayan operates. An indirect competitor could be other various card reader terminal suppliers and payment solutions. Cayan doesn't make their own processing terminals, but if a different company other than Cayan's supplier of terminals starts dominating the industry, there will certainly be an impact on Cayan's business. Cayan's biggest competition in the market are companies such as Visa Inc., MasterCard Inc, PayPal, Fidelity National Information Services Inc., KKR & Co., and American Express Company.

Visa Inc. - Out of all of the companies in the industry, Visa holds the largest market share of 14.4%. In 2015 This company generated a total revenue of \$14.8 billion. Currently, Visa Inc. has the largest retail electronic payments network in the world and in regards to transactions, it also has the largest credit card network. In addition, a new partnership with ROAM and Samsung will allow Visa Inc. to expand their mobile technology and as of June 2013 Visa has expanded to the top three mobile point of sale providers so customers and business can accept all Visa payments with mobile technology.

Fidelity National Information Services, Inc. - As the second largest company, currently employing more than 38,000 people and serves 14,000 institutions in more than 100 countries, according to IBISWorld, Fidelity holds a market share of 13.1%. FIS has four main operating segments. The four segments include financial solutions, payment solutions, international solutions, and corporate and other.

Paypal - PayPal Holdings Inc currently has 8.8% of the market share. PayPal allows for people to pursue digital and mobile payments worldwide. IBISWorld stated that, "In 2016, PayPal is expected to generate total revenue of \$9.7 billion." Another statistic from IBISWorld stated, "As of June 2014, PayPal had 169 million active customer accounts and served more than 10 million purchase transactions, worth \$257.7 billion." Altogether the platform has processed more than \$10 billion. Based on IBISWorld and Annual Report, PayPal's revenue is expected to grow 19%.

MasterCard Inc. - MasterCard, has 8.5% of the market share and employs about 8,200 people worldwide. It is the second largest electronic payments processor by purchase value, according to IBISWorld. IBISWorld also states that over a five-year period, MasterCard is estimated to increase at an annualized rate of 11.6% to \$4.6 billion.

KKR & Co. - KKR or Kohlberg Kravis Roberts and Co., is a leading global alternative asset management firm. With a market share of 7.3%, it currently employs approximately 24,000 people and is functional in 34 different countries serving more than 6.2 million merchant locations. IBISWorld estimates that KKR will increase at an annualized rate of 1.8% to \$4.0 billion over the next five years.

American Express Company - American Express Company has a market share of 5.0% and the company employs nearly 62,800 people. According to IBISWorld, it is currently the third largest credit card company in the world in terms of transaction volume and values. IBISWorld states that over the next five years to 2016, American Express is expected to grow at an annualized rate of 3.4% to \$2.8 billion.

	Helpful	Harmful
Internal	Strengths Produce their own software, Terminals accept gift cards, Many was to accept money, The leading provider in their field	Weaknesses Uses the competitors as suppliers No past business to take advice from
External	Opportunities Everyone uses cards to pay for goods Most stores need to accept cards Pioneer of cloud payment adaptation	Threats Some stores don't take cards, Cards are constantly changing, Chip cards, Many types of gift cards

Cayan is a very fortunate company. Due to all the offers that Cayan has provided, it has made them one of the leading providers in the field of payment processing. Using their payment terminals and their own genius platform makes the company almost self-sufficient. With the advantage of having a strong research team and dedication from the Cayan family gives the company the strength to succeed and also helps other smaller businesses to succeed as well. Even with the strengths comes some negatives, such as not producing terminals and having a less customer base compared to their competitors. On top of

all their innovations, even with some weaknesses, Cayan has a good feedback rating for their good customer service and support.

Work Cited

- 1) "About Us." The Payment Possibilities Company. Accessed October 21, 2016.

<https://cayan.com/company/about-us>.

- 2) "Leadership Team | Cayan." Accessed October 21, 2016.

<https://cayan.com/company/leadership-team>.

- 3) Cmstothemax. "CPA Referrals." The Cayan Product Development Team-Product & Support. March 09, 2015. Accessed October 19, 2016.

<https://cmstothemax.wordpress.com/2015/09/03/the-cayan-product-development-team-product-support-update-2015-09-04-posted-by-www-cmstothemax-com/>.