



# FuturePay Services

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# Industry Segment

- ▶ PayPal is an international electronic commerce company
- ▶ PayPal supports the Internet consumer-to-consumer business of its owner, eBay



# Products and Services

- ▶ PayPal – online payment system with 25 currencies
- ▶ PayPal Here – card reader for mobile devices
- ▶ Merchant Services – payment service for electronic commerce merchants
- ▶ Bill Me Later – allows online credit purchases without a credit card
- ▶ Student Accounts – parents can set up accounts with debit cards for students



# Market

- ▶ In 2012, PayPal's annual revenue was \$5.6 billion, > 50% from international business
- ▶ PayPal's net total volume of transactions was \$145 billion in 2012
- ▶ Today, PayPal processes an average of 7.7 million daily transactions



# Business & Organizational Structure

Name	Board Relationships	Title	Age
David A. Marcus	8 Relationships	President	39
Peter Andreas Thiel J.D.	44 Relationships	Co-Founder, Chairman and Chief Executive Officer	46
Patrick Dupuis	No Relationships	Chief Financial Officer	--
Ryan D. Downs	4 Relationships	Senior Vice President of Worldwide Operations	44
John J. Donahoe	39 Relationships	Chief Executive of Ebay	52
Rich Ambrose	No Relationships	Commercial Director and Interim Marketing Director	--
Lee Brooke	No Relationships	First EMEA Communications Head	--
Ed Eger	No Relationships	General Manager of North America Core Payments & Emerging Markets and Senior Vice President	--
Scott Guilfoyle	No Relationships	Chief Technology Officer and Senior Vice President of Platform Services	--
Rupert Keeley	14 Relationships	Senior Vice-President of Asia-Pacific Region	56
Gary Marino	1 Relationships	Senior Vice President of Credit Products and Risk	--
John McCabe	No Relationships	Senior Vice President of Worldwide Operations	--
John D. Muller J.D.	2 Relationships	Vice President of Legal, Secretary and General Counsel	51

Name (Connections)	Relationships	Type of Board Members	Primary Company	Age
Elon Musk	71 Relationships	--	Tesla Motors, Inc.	41
Max Levchin	29 Relationships	--	Yelp, Inc.	37
John Malloy J.D.	52 Relationships	--	BlueRun Ventures	53
John Dean Jr.	98 Relationships	--	Central Pacific Financial Corp.	65
Shailesh Mehta Ph.D.	60 Relationships	--	Granite Hill Capital Partners, LLC	64
Scott Banister	20 Relationships	--	Zivity, LLC	--

# Value Chain

- ▶ Firm Infrastructure: Headquarter, data center, transaction center
- ▶ HR Management: Recruitment, Retention, Training
- ▶ Technology: Web development, digital money transaction, database management
- ▶ Procurement: Transaction of money and fees



# Areas of Differentiation



- ▶ Pay however you want
  - Link your bank account to debit and credit cards, then simply choose which one when buying something
- ▶ Pay anywhere
  - Choose PayPal at all the places you love to shop... the option to pay with PayPal is available at millions of sites.
- ▶ Pay simpler
  - Instead of taking out a credit card, simply log into PayPal in a few clicks.
- ▶ Pay safer
  - Shop with confidence, knowing that PayPal keeps your financial information private and protected while you shop.

# Porter's 5 Forces Analysis

- ▶ Bargaining Power of Buyers:
  - High (online)
    - Most online retailers have their own methods of checkout
  - Low (brick & mortar)
    - Few, if any, physical retailers have an e-checkout method like this
- ▶ Bargaining Power of Supplier:
  - Low
    - No supplier

# 5 Forces Analysis

- ▶ Threats of New Entrants:
  - Low
    - Difficult for new entrants to establish trust
    - Mature market
    - Requires significant infrastructure
  
- ▶ Threat of Substitute Products:
  - Very low
    - Would require a new entrant

# 5 Forces Analysis

- ▶ Competitors
  - Google Wallet
  - Amazon 1-Click Ordering
  - Square Mobile Card Reader
  - Credit Card Industry



# Scorecard – PayPal CheckOut

## Finance

- Moves in to brick and mortar business
- Encourages new customers

## Learning and Growth

- Collect data on recurrence of use
- Offer lower rate breaks for large companies willing to pilot the program

## Internal Procedures

- Establish responsive 24/7 support
- Develop user experience so it's simple to use
- Ensure customers' data is secure

## Customer Relationship

- Encourage existing customers to frequent businesses using service
- Give clients using the service regularly optimal rates
- Holistic view of patronage

# Scorecard – PayPal Menu

## Finance

- Gives PayPal a presence in the restaurant industry
- Encourages new customers to make PayPal accounts

## Learning and Growth

- Make standard menus for large chains of restaurants
- Record data from customer service tickets

## Internal Procedures

- Make software portable and simple, secure and stable
- Create ample training documentation
- Support multiple mobile platforms

## Customer Relationship

- Make it easy for clients to customize and change their menus
- Encourage PayPal users to patronize participating businesses



# Works Cited

- ▶ <https://www.paypal-media.com/about>
- ▶ <http://en.wikipedia.org/wiki/PayPal>

# Additional App Idea

- ▶ PayPal Checkout – Pay for in-store purchases with PayPal mobile application
- ▶ Preregistered merchant determines the purchase total and generates an alphanumeric key that is read by customer's smart phone camera
- ▶ PayPal executes the payment by withdrawing from the customer's PayPal account and crediting the merchant's account