

# WePay Payments

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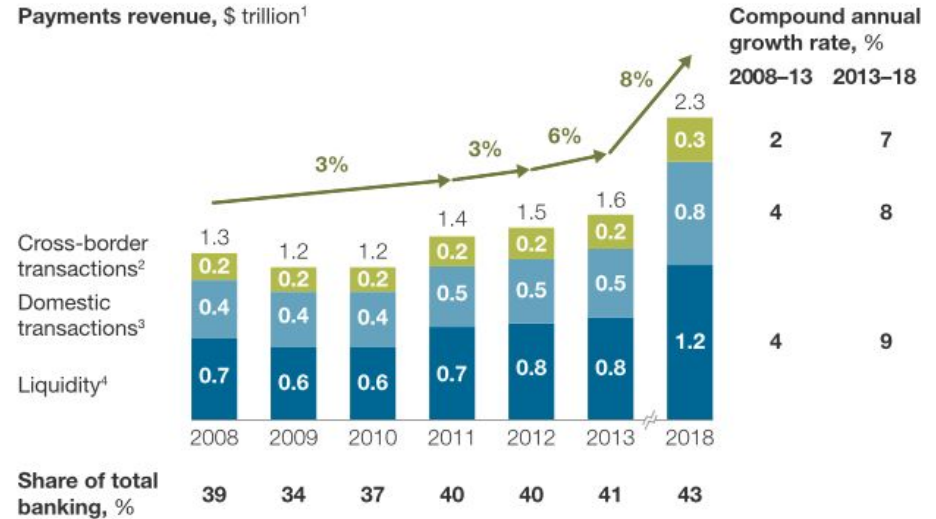
MGT 8803: Payments Mini Case

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# Payments Industry Background

- Anticipated annual growth of 8% per year through 2018
- Estimated \$2.3B industry by 2018
- Volume-driven revenue industry
- Security and risk mitigation are primary concerns



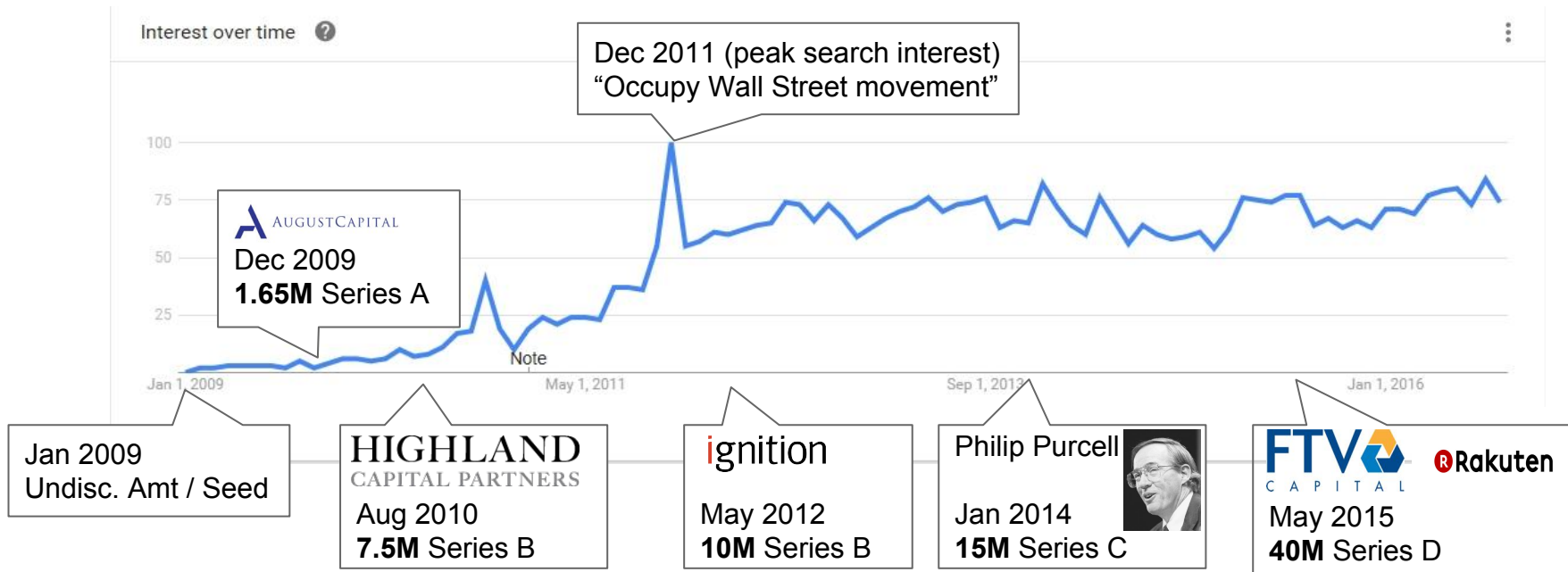
Figures and charts: “Bruno, Philip, Florent Istace, and Marc Nierdekorn, “The future of global payments,” McKinsey & Co., accessed September 18, 2016”

# WePay Background

- Founded in 2008 as a way to easily pool money for shared expenses
- Low margins and little repeat business led them to build other features atop their payment platform (e-commerce shopping carts, invoicing systems, and crowdfunding sites)
- Pivoted in 2013 to focus on the payments platform API itself
- Can easily be incorporated onto websites and mobile applications
- Platform handles risk mitigation and taxes/compliance



# WePay Funding History



- Six rounds of funding, totaling ~\$75M

# WePay Today

- Focus on providing customizable “payments engine” via WePay’s API
- Payment platform integrates directly with merchant’s website
- Expanded to Canada (2015) and the United Kingdom (2016)
- New mobile point of sale device to compete with Square
- Recently named #221 on Inc. 500’s list of fastest growing private companies



# What Makes WePay Unique?

## Payments Platforms

- *WePay Connect* and *WePay Clear* provide levels of customizability for integrated online payments
- *Veda* fraud management platform leverages “social online identity”
- Ample customer support and API documentation
- Niche in crowdfunding and marketplace arenas (8 of top 15 crowdfunding sites use WePay)

## Mobile Point of Sale Device

- White label branding
- Full transaction-level data integration with existing services



# Better User Experiences

## Merchant

- Flexibility - Custom risk management and UX
- Fully integrated onto websites or mobile apps.
- More responsive support.

## Payer

- More payment options
- Payment status alerts and notifications
- Integrated user friendly payment flow. 94% checkout conversion rate.

## Retail

- Transaction-level data
- Full implementation and Tier 2 technical support
- Dedicated account managers available

# WePay's Primary Competition

## PayPal

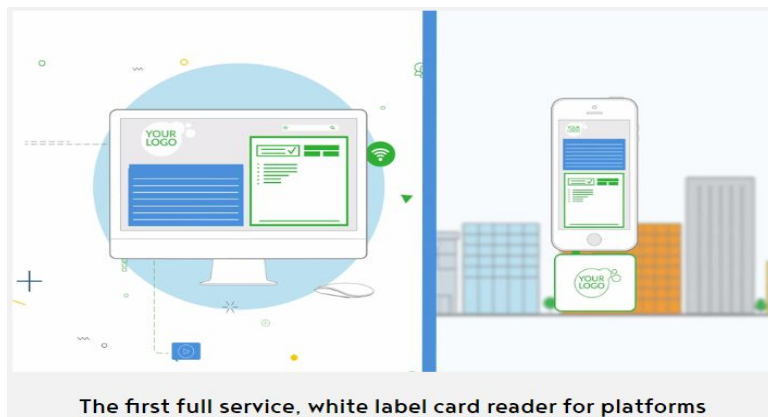
- Less integrated, no brand transparency
- Minimal API and SDK support
- International availability
- Same 2.9% + \$0.30 per transaction; PayPal-to-PayPal transfers are free

## Stripe

- Simple, “out-of-the-box” approach
- Much larger customer base

## Square

- Less integrated, no brand transparency
- No API or SDK support
- Lower transaction fees (flat 2.75%)





# SWOT Analysis

## Strengths

- Focus on integrated “customer experience” and merchant brand
- Ample documentation and support for its API suite and SDK tools
- “Zero overhead” handling of risk, compliance, and new technologies
- E-commerce market is growing

## Weaknesses

- Exposed to default risks from customers, despite proprietary social risk analytics engine
- Handling compliance on customer’s behalf may grow burdensome should regulations tighten

## Opportunities

- Recently began expansion into Canada and the U.K., possibility of other international markets
- New offering of mobile Point of Sale devices may open new revenues (or expand business from current customers)

## Threats

- Point of Sale transactions aren’t going away, tough to compete against incumbents at current price point
- Evolving payment technologies requires constant updates (ApplePay web)

# The Future of WePay

## Opportunities for Growth

- ✓ Industry focus on integrated user experience should fuel growth
- ✓ Commitment to working with regulators in new markets
- ✓ International expansion possibilities
- ✗ Mobile point of sale device a mere value-added service for customers

## Possible Exit Strategies

- **Buyout** from larger competitor (Stripe or possibly PayPal)
- Stripe has a larger customer base, but less focus on customizability
- PayPal already owns Braintree, but WePay's growth and documentation could be valuable

# Our Thoughts...

## Would We Invest?

Proof of providing top-notch customer support

- + Sustained success in earning revenues year-over-year
- + Ample growth opportunities
- = **Yes!**

## Would We Work There?

Exposure to new and evolving technologies

- + Growth provides great opportunity to get in on ground floor
- Ever-changing focus on product and service offerings may create a hectic work environment
- = **Probably**