

**The Total Economic Impact™ Of Stripe**

Cost Savings And Business Benefits Enabled By Stripe

**JULY 2022**

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY STRIPE

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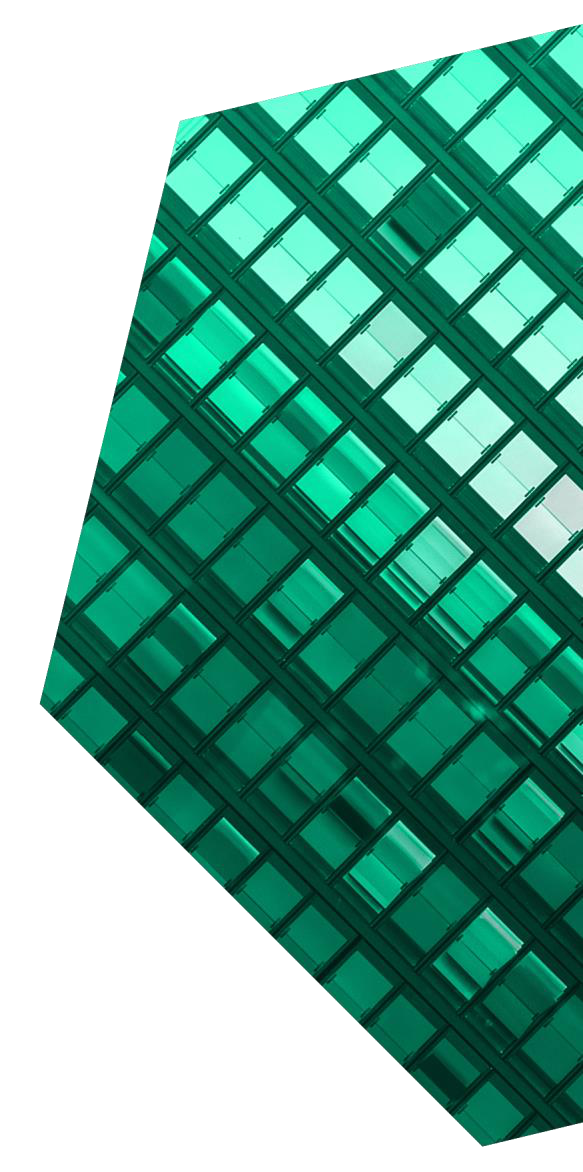
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*Consulting Team: Mbenoye Diagne Jonathan Lipsitz*



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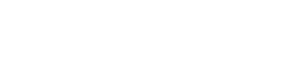
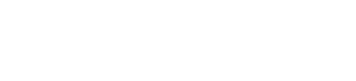
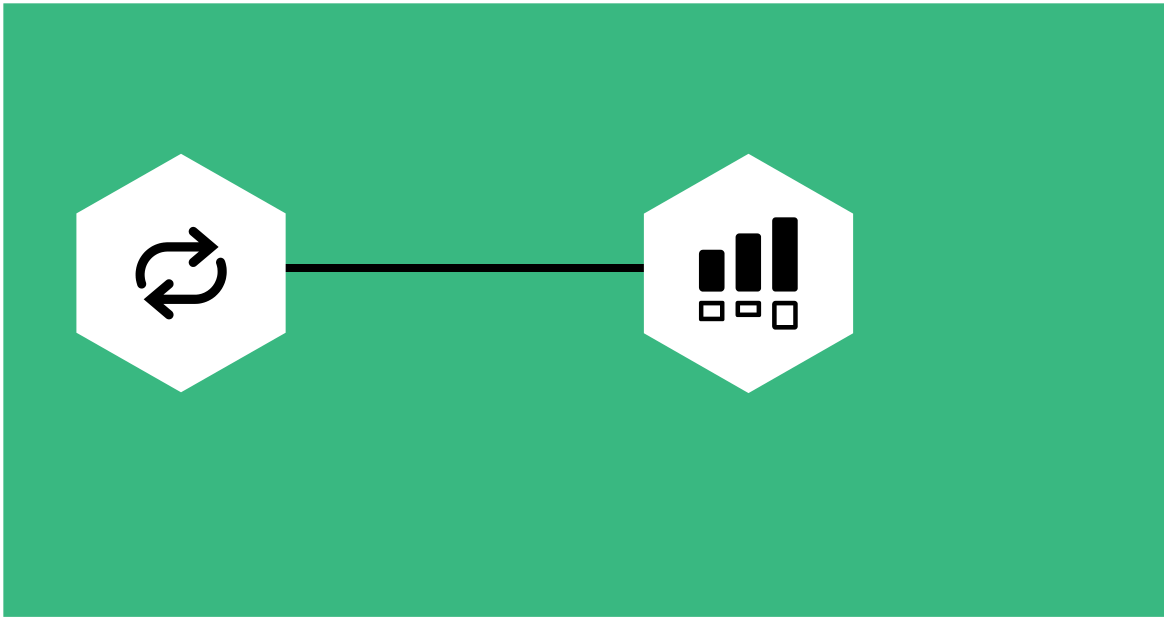
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THE TOTAL ECONOMIC IMPACT™ OF STRIPE

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| **Executive Summary** |



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| Buying patterns are evolving in both B2C and B2B models. In the B2C space, payments are increasingly frequent and often invisible due to remote purchasing and new business models like subscriptions. For B2B, purchasers expect the same level of service that they encounter in their personal lives. Such demands necessitate new payment solutions that power better experiences and efficiencies. Adopting Stripe drives incremental revenues, decreases fraud and chargebacks, and reduces payment solution management costs. |

[Stripe](https://stripe.com/enterprise) is a global financial infrastructure platform

designed to modernize enterprise commerce. Stripe’s **KEY STATISTICS** solutions help companies optimize their payments   
infrastructure and processes, easily add new   
business models and revenue streams, and simplify   
global expansion. Offering a unified product suite,

|  |  |  |
| --- | --- | --- |
| Stripe also reduces fraud rates and compliance effort. | Return on investment (ROI) | Net present value (NPV) |
| Stripe commissioned Forrester Consulting to conduct |
| **326%** | **$23.27M** |
| a Total Economic Impact™ (TEI) study and examine |

the potential return on investment (ROI) enterprises   
may realize by deploying Stripe.1 The purpose of this

study is to provide readers with a framework to evaluate the potential financial impact of Stripe on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six representatives at four organizations with   
experience using Stripe. For the purposes of this

study, Forrester aggregated the interviewees’   
experiences and combined the results into a single composite organization that is a consumer product goods (CPG) company with annual revenue of $1 billion from marketplace, distribution, and   
subscription business models.

companies’ efforts to increase revenues, resulted in fraud and chargeback rates that were deemed too high, and required too much manual effort devoted to payment systems’ management.

After the investment in Stripe, the interviewees noted that their organizations have achieved incremental revenue growth, reduced chargebacks, received time savings from managing the payment solution and related activities, experienced better payment   
solution uptime and performance, and optimized compliance and security overall. All of these   
outcomes also contributed to increased customer satisfaction.

Prior to using Stripe, these interviewees shared how **KEY FINDINGS**

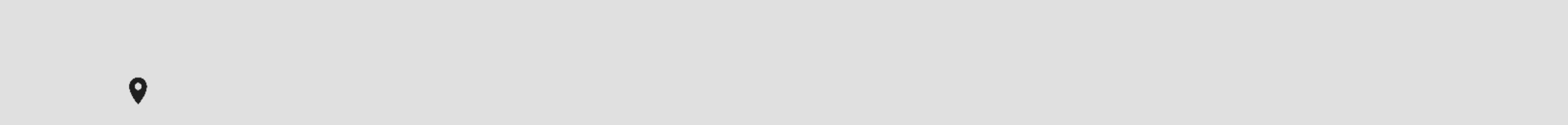
their organizations struggled with outdated systems that lacked flexibility and necessary capabilities, such as stand-up of delivery models during COVID-19 lockdowns and easy expansion into new countries.

These limiting factors negatively impacted

**Quantified benefits.**Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

THE TOTAL ECONOMIC IMPACT™ OF STRIPE 1

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|  | **EXECUTIVE SUMMARY** |
| • | **Increases in revenue from a 5% improvement** |



**in authorization rates.** Using Stripe intelligently formats transaction messages and routing   
combinations via Adaptive Acceptance,   
increasing local processing, providing services such as automatic card renewal, and acting on insights from better data. Because of these

Revenue uplift from Stripe over three years:

**8.1%**

benefits, the composite organization experiences   
increased authorization rates. The three-year

value of increased authorization rates is $13.2 million.

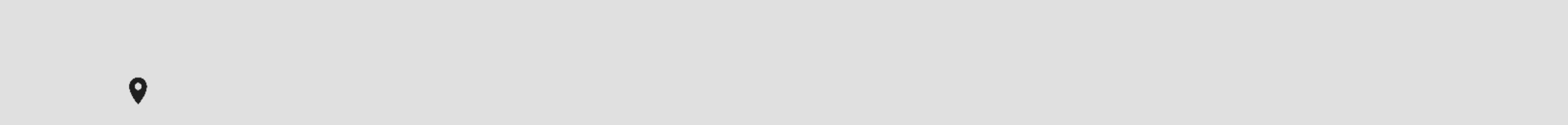
**Unquantified benefits.** Benefits that are not quantified in this study include:

|  |  |  |  |
| --- | --- | --- | --- |
| • | **Increases revenue by 1% from enabling more** | • | **Increased customer satisfaction.** The Stripe |
| • | **payment methods.** Stripe allows the | • | platform delivers better experiences and buying |
| composite’s customers to use preferred methods |
| journeys for an organization’s customers. This |
| of payments beyond credit and debit cards for |
| translates into happier customers, which can |
| both B2C and B2B transactions. This is |
| increase their lifetime value. |
| especially advantageous in geographies that |
| **Improved payment solution uptime and** |
| have unique and regionally relevant payment |
| **performance.** Stripe has better availability and |
| methods. The three-year value from new, non- |
| reliability than previous payment solutions. This |
| cannibalized transactions is $2.6 million. |
| contributes to revenue assurance and translates |
| **Increases revenue by 3% from enabling** |
| to less time spent troubleshooting problems. |
| • | **business expansion.** Stripe enables the | • | **Reduced effort on payment processing** |
| composite organization to stand up new business |
| **activities.** The time required to manage Stripe is |
| models, track and monetize fees, and/or easily |
| significantly less than that of other payment |
| expand into new geographies, all of which results |
| solutions. Additionally, other payment-related |
| in incremental revenue growth. This benefit |
| • |
| activities, such as accounts receivable (AR) and |
| increases over time as the composite |
| treasury, can also require less effort. |
| organization becomes more proficient using |
| Stripe, rolls out additional capabilities, and | **Improved insights.** Stripe provides a dashboard |
| implements new business models, and the total | and analytics tools that enable better data |
| value over three years is $5.4 million. | reporting and analysis that generate valuable |
| **Reduces chargebacks by 80%.** Using Radar | business insights. |
| from Stripe helps the composite organization | • | **Improved security, compliance, and fraud** |
| reduce fraud, which results in fewer chargebacks. | **protection.** Stripe has a wide range of solutions |
| Specifically, chargebacks are reduced from 50 | that improve security and compliance. These |
| basis points to 10 basis points, which is worth | solutions also reduce fraud, which was captured |
| $9.1 million over the life of the study. | financially in the reduced chargebacks benefit. |

Stripe also has a team of experts that assists   
companies with applying best practices,   
especially when expanding into new countries.

THE TOTAL ECONOMIC IMPACT™ OF STRIPE 2

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| **EXECUTIVE SUMMARY** |



**Costs.** Three-year, risk-adjusted PV costs for the composite organization include:

• **Stripe fees totaling $7.1 million.** Stripe’s fees comprise a one-time implementation cost, plus incremental transaction fees. The actual dollar amount should be considered in the context of enterprise merchants generating hundreds of millions to billions of dollars in annual revenue.

• **Internal effort totaling $60,000.** Internal effort is composed of people hours spent on initial   
 implementation as well as ongoing management of Stripe. The initial implementation took three full-time equivalents (FTEs) two months to   
 complete. Ongoing management of the Stripe platform and relationship requires five hours per month.

The representative interviews and financial analysis found that a composite organization experiences benefits of $30.41 million over three years versus costs of $7.14 million, adding up to a net present value (NPV) of $23.27 million and an ROI of 326%.

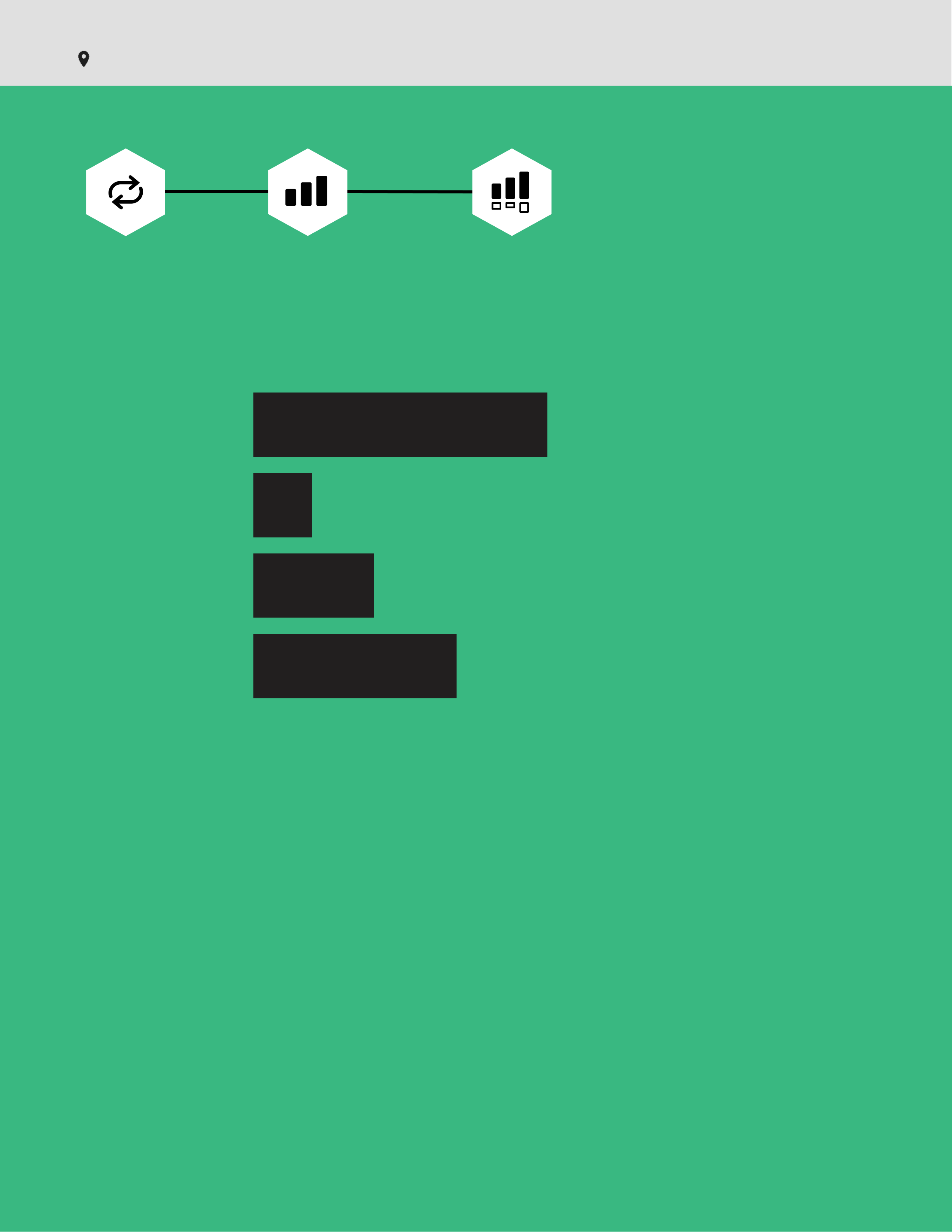
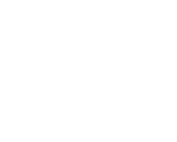
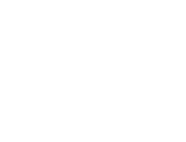
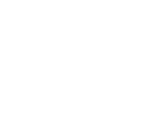
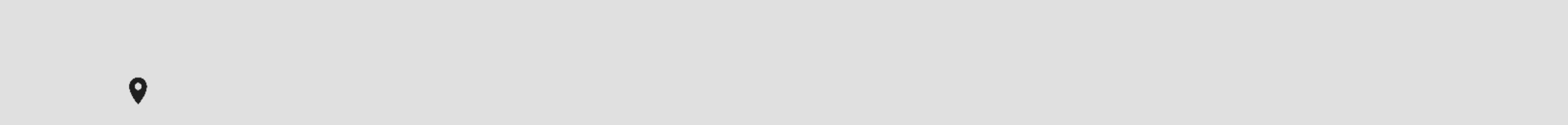
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| **“With Stripe, we were able to** |

**make many changes that**   
**collectively improved our**   
**authorization rates by five percentage points. Improved data analytics and machine**

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| **learning contributed to achieving this.”** |

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| *Head of treasury and procurement, information technology* |

THE TOTAL ECONOMIC IMPACT™ OF STRIPE 3



**EXECUTIVE SUMMARY**

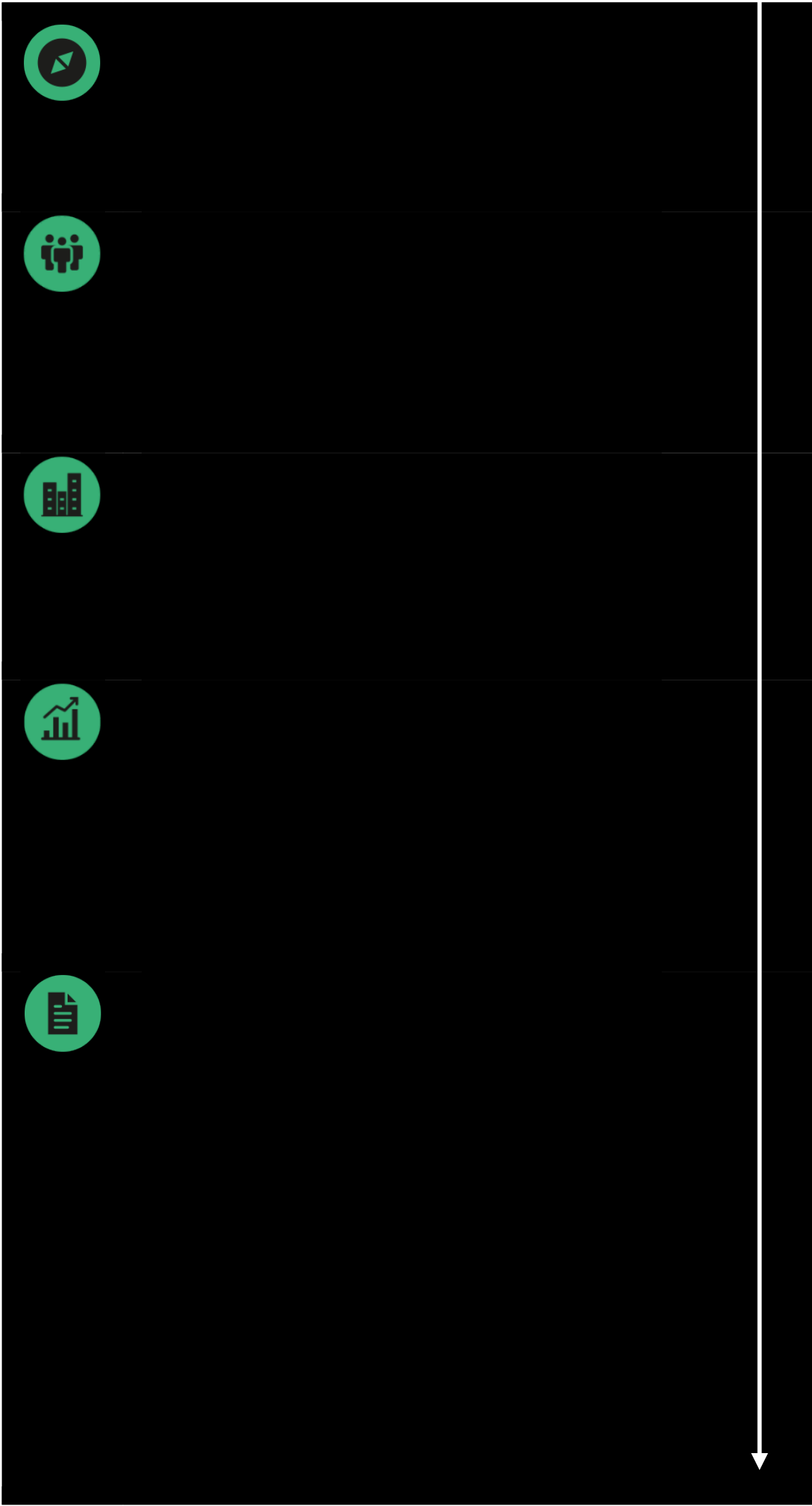
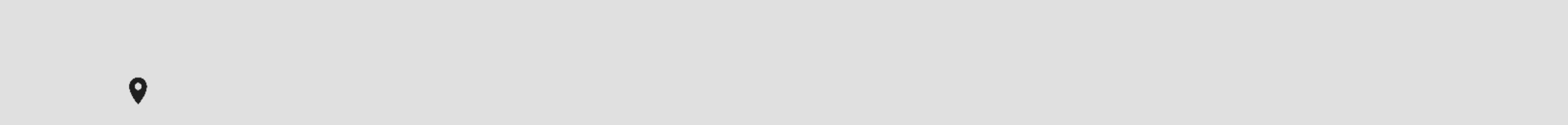
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| ROI | BENEFITS PV | NPV |

|  |  |  |
| --- | --- | --- |
| **326%** | **$30.41M** | **$23.27M** |

**Benefits (Three-Year)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Increased revenue with  improved authorization rates rates | | $5.4M | $9.1M | $13.2M | 4 |
| Increased revenue - more more payment methods | $2.6M |
| Increased revenue with Increased revenue - new  new business models business models | |
| Reduced chargebacks Reduced chargebacks | |
| THE TOTAL ECONOMIC IMPACT™ OF STRIPE | |

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| **EXECUTIVE SUMMARY** |

**TEI FRAMEWORK AND METHODOLOGY** 

From the information provided in the interviews,

Forrester constructed a Total Economic Impact™

framework for those organizations considering an investment in Stripe.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the   
investment decision. Forrester took a multistep   
approach to evaluate the impact that Stripe can have on an organization.

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| **DISCLOSURES** |

Readers should be aware of the following:

This study is commissioned by Stripe and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the   
appropriateness of an investment in Stripe.

Stripe reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that

contradict Forrester’s findings or obscure the meaning of the study.

Stripe provided the customer names for the interviews but

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| did not participate in the interviews. |

**DUE DILIGENCE**   
Interviewed Stripe stakeholders and Forrester analysts to gather data relative to Stripe.

**INTERVIEWS**   
Interviewed six representatives at four   
organizations using Stripe to obtain data with respect to costs, benefits, and risks.

**COMPOSITE ORGANIZATION**   
Designed a composite organization based on characteristics of the interviewees’   
organizations.

**FINANCIAL MODEL FRAMEWORK**   
Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on   
issues and concerns of the interviewees.

**CASE STUDY**   
Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing   
sophistication of ROI analyses related to IT

investments, Forrester’s TEI methodology   
provides a complete picture of the total   
economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

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| **The Stripe Customer Journey** |

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| Drivers leading to the Stripe investment |

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| **Interviews** |  |  |  |  |
| **Role** | **Industry** | **Region** | **Annual Revenue** | **Stripe Products Used** |
| Head of treasury and procurement | Information technology | HQ in Australia, global operations | $2 billion | Payments, Radar,  Adaptive Acceptance |
| Product owner | Education | HQ in UK,  global operations | $150 million | Payments, Billing |
| Head of technology solutions | Food | Europe | $650 million | Payments, Radar, Sigma |
| Principal engineer | Apparel | US national | $500 million | Payments |
| Global customer finance excellence director | Apparel | US national | $500 million | Payments |
| Process excellence managers | Apparel | US national | $500 million | Payments |

**KEY CHALLENGES**   
Before adopting Stripe, interviewees’ organizations

implement necessary changes would take too long and be too costly.

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| had multiple payment gateways and other standalone | | • | **Insufficient visibility into payment-related** |
| systems and processors that were not meeting their | |
| **issues, buyer behaviors, and new business** |
| needs. The interviewees noted how their | |
| **opportunities.** Data and analytics drive the most |
| organizations struggled with common challenges, | |
| successful businesses today. Payment-related |
| including: | |
| data is an important source of insight into buyers’ |
| • | **Performance issues due to outdated** | intentions, sales performance of products and |
| services, and new opportunities. Interviewees |
| **infrastructure, leading to poor customer** | |
| said that their prior solutions made it difficult to |
| **experiences and lost revenues.** Interviewees | |
| gather, analyze, and report on the data, limiting |
| consistently said that the incumbent systems that | |
| their ability to create meaningful insights to |
| Stripe replaced suffered from periods of | |
| improve their businesses. |
| performance degradation and unplanned | |

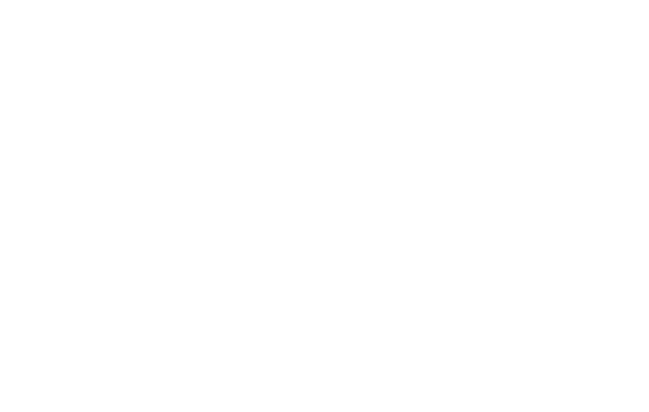
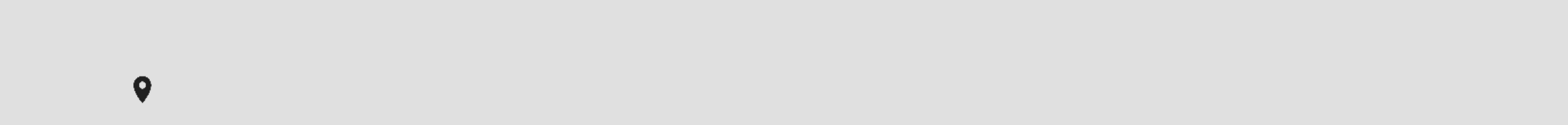
outages. This had many negative implications for   
the business, including lost revenues from   
customers who did not come back to purchase or

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| • | pay later, lower customer satisfaction, and brand | **“With Stripe’s analytics solutions, we** |
| reputation damage. |
| **can do better analytics around buyer** |
| **Lack of flexibility with systems in place.** | **demographics and journeys. This** |
| Business models and customer expectations are | **helps us improve customer** |
| **experiences and results in more** |
| always changing, and this was accelerated |
| **sales.”** |
| during the COVID-19 closures. Interviewees said |
| that previously used solutions limited their ability | *Head of technology solutions, food* |
| to innovate (e.g., facilitating contactless |

payments and delivery) and that the time to

THE TOTAL ECONOMIC IMPACT™ OF STRIPE 6

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| **THE STRIPE CUSTOMER JOURNEY** |



**INVESTMENT OBJECTIVES**

The interviewees’ organizations searched for a solution that could:

• Modernize their payments and financial   
 infrastructure with unified products that included billing capabilities.

• Create flexibility and resilience in their payments’ environment with high levels of automation.

organization has 30,000 employees and $1 billion in annual revenues, coming from both B2C and B2B sales conducted through marketplace, distribution, and subscription channels. The average value of a transaction with the organization is $500.

**Deployment characteristics.** The composite   
organization adopts the Stripe payment platform and implements the Payments, Billing, and Radar   
solutions, and adds other solutions, such as Connect,

|  |  |  |
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| • | Provide a centralized system with high visibility | to deliver additional benefits (see Flexibility). All $1 |
| into data reporting and insights. | billion in annual revenues are processed through |
| Stripe. |

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| **“The Stripe account management** |

**team went above and beyond in**   
**making sure that our implementation met our business needs and that we were up and running successfully.**

**They continually work with us to**

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| **improve our performance. It has been a very successful partnership.”** |

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| *Head of treasury and procurement, information technology* |

**COMPOSITE ORGANIZATION**

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI   
analysis that illustrates the areas financially affected. The composite organization is representative of the four interviewees, and it is used to present the   
aggregate financial analysis in the next section. The composite organization has the following   
characteristics:

**Description of composite.** The composite   
organization is a CPG company headquartered in North America with global operations. The

**Key Assumptions**

• **$1 billion annual revenue**

• **$500 average transaction**

**value**

• **12.5% net margin**

• **Using Payments, Billing,**

**and Radar**

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| **Analysis Of Benefits** |

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| Quantified benefit data as applied to the composite |

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| **Total Benefits** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Ref.** | **Benefit** | **Year 1** | **Year 2** | **Year 3** | **Total** | **Present Value** |
| Atr | Increased revenue with  improved authorization rates | $5,312,500 | $5,312,500 | $5,312,500 | $15,937,500 | $13,211,401 |
| Btr | Increased revenue with more payment methods | $1,062,500 | $1,062,500 | $1,062,500 | $3,187,500 | $2,642,280 |
| Ctr | Increased revenue with new business models | $1,126,250 | $2,252,500 | $3,378,750 | $6,757,500 | $5,423,939 |
| Dtr | Reduced chargebacks | $3,640,040 | $3,676,080 | $3,712,120 | $11,028,240 | $9,136,181 |
|  | Total benefits (risk-adjusted) | $11,141,290 | $12,303,580 | $13,465,870 | $36,910,740 | $30,413,801 |

**INCREASED REVENUE WITH IMPROVED AUTHORIZATION RATES**

**Evidence and data.** Stripe solutions increased authorization rates in many ways, including retrying

conversion rate increased from 50% to 76%, largely driven by improved authorization rates.

**Modeling and assumptions.** For the composite organization, Forrester assumes:

|  |  |  |
| --- | --- | --- |
| failed transactions with different data configurations | • | The average transaction value (ATV) is $500. |
| to increase likelihood of approval, doing more in- |
| country payment processing, and giving companies | • | With Stripe, the increase in authorization rates is |
| tools and data to improve the customer purchasing | • | 5% across the three years of the study. |
| process. For example, machine learning-based | There is a 12.5% company net margin applied. |
| features, including Adaptive Acceptance and Smart |
| This is done to calculate bottom-line benefits to |
| Retries, intelligently retried transactions, increasing |
| the composite organization. |
| businesses’ revenue. Automated card updates also |

reduced declines for businesses while minimizing friction for their customers. Interviewees shared the following examples of how authorization rates have improved:

• The head of treasury and procurement at the information technology organization saw their authorization rates increase from a range of 85% to 90% up to 95%. This was accomplished   
 through more local processing and making   
 payment system changes based on data   
 analytics and machine learning.

• The head of technology solutions at the food organization noted their customer purchase

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| **“Automatically updating stored credit** |

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| **card information has made a big** |

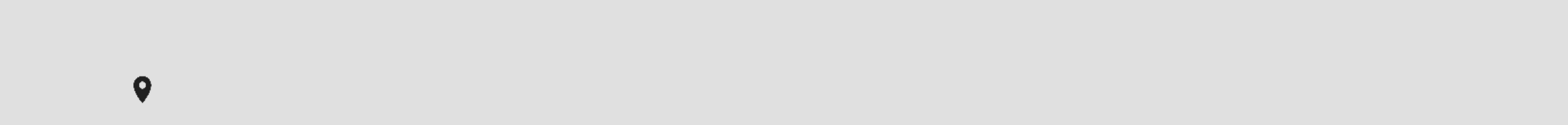
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| **difference in transactions completing** |

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| **properly and with little disruption to our customers.”** |

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| *Head of technology solutions, food* |

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| **ANALYSIS OF BENEFITS** |



**Risks.** The following factors may impact other organizations’ realization of this benefit category:

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a

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| --- | --- | --- |
| • | Previous optimization efforts and the use of other | three-year, risk-adjusted total PV (discounted at 10%) |
| of $13.2 million. |
| • | solutions to optimize authorization rates. |
| The type of products/services sold and the |

countries in which transactions are completed.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Increased Revenue With Improved Authorization Rates** | | | | | **Year 1** | **Year 2** | **Year 3** |
| **Ref.** | | **Metric** | | **Source** |
| A1 | Baseline revenues using Stripe | | Composite | | $1,000,000,000 | $1,000,000,000 | $1,000,000,000 |
| A2 | Number of transactions | | A1/$500 ATV | | 2,000,000 | 2,000,000 | 2,000,000 |
| A3 | Increase in authorization approval rate | | Interviews | | 5.0% | 5.0% | 5.0% |
| A4 | Additional transactions approved with Stripe | | A2\*A3 | | 100,000 | 100,000 | 100,000 |
| A5 | Incremental revenue | | A4\*$500 ATV | | $50,000,000 | $50,000,000 | $50,000,000 |
| A6 | Average net margin | | Composite | | 12.5% | 12.5% | 12.5% |
| At | Increased revenue with improved authorization rates | | A5\*A6 | | $6,250,000 | $6,250,000 | $6,250,000 |
| Risk adjustment | | | ↓15% | | $5,625,000 | $5,625,000 | $5,625,000 |
| Atr | Increased revenue with improved authorization rates (risk-adjusted) | | | |
| **Three-year total: $15,937,500** | | | | | **Three-year present value: $13,211,401** | | |

**INCREASED REVENUE WITH MORE PAYMENT METHODS**

of how they benefit from accepting more payment methods:

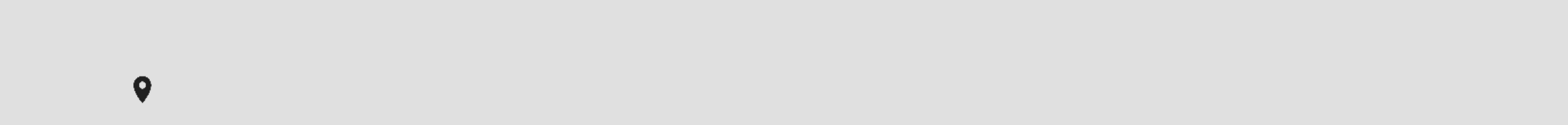
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| **Evidence and data.** Customers increasingly prefer | • | The product owner at the education organization |

choice in how they make purchases and the payment methods they use. Some customers will look for

reported 5% of all transactions were completed with regionally specific alternative payment

|  |  |  |
| --- | --- | --- |
| another seller if their preferred payment method is | • | methods. |
| not accepted. This is especially important in countries | The head of technology solutions at the food |
| where a specific payment method is the norm but not |
| organization said that accepting Apple Pay was |
| one the seller accepts in their home market. Another |
| important because many of their customers were |
| possible benefit of accepting more payment methods |
| purchasing using an iPhone. |
| in the B2B space is moving customers to lower-cost |
| methods, such as an automated clearing house | • | A representative from the apparel company, |
| (ACH). Interviewees shared the following examples | which used Stripe for B2B transactions, moved |
| THE TOTAL ECONOMIC IMPACT™ OF STRIPE | 9 |

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| **ANALYSIS OF BENEFITS** |



60% of all transactions from credit card to ACH. This saved the organization a significant amount in transaction fees.

**Modeling and assumptions.** For the composite organization, Forrester assumes:

• Five percent of all purchases are completed using non-card payment methods like market- specific bank transfer, digital wallets, or “buy now, pay later” programs.

|  |
| --- |
| **“Being able to add more payment** |

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| **options with Stripe has increased our conversion rates.”** |

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| --- |
| *Product owner, education organization* |

**Risks.** Less customer desire to use payment

|  |  |  |
| --- | --- | --- |
| • | Of these transactions, 80% would have been | methods other than credit and debit cards can affect |
| other organizations’ realization of this benefit |
| completed using another payment method, such |
| category. This can vary based on industry vertical |
| as credit or debit cards. Therefore, 20% of the |
| and customer demographics, as well as the |
| revenues are considered truly incremental. |
| geographies in which a company conducts business. |
| • | The same 12.5% net margin is applied. | **Results.** To account for these risks, Forrester |

adjusted this benefit downward by 15%, yielding a   
three-year, risk-adjusted total PV of $2.6 million.

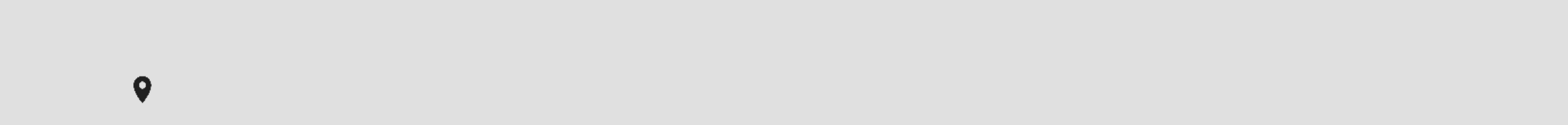
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| --- | --- | --- | --- | --- | --- | --- |
| **Increased Revenue With More Payment Methods** | | **Source** | **Year 1** | **Year 2** | | **Year 3** |
| **Ref.** | **Metric** |
| B1 | Total alternative payment transactions | A2\*5% | 100,000 | 100,000 | | 100,000 |
| B2 | Transactions transferrable to another accepted payment method | B1\*80% | 80,000 | 80,000 | | 80,000 |
| B3 | Incremental revenue | (B1-B2)\*$500 ATV | $10,000,000 | | $10,000,000 | $10,000,000 |
| B4 | Average net margin | Composite | 12.5% | 12.5% | | 12.5% |
| Bt | Increased revenue with more payment methods | B3\*B4 | $1,250,000 | $1,250,000 | | $1,250,000 |
| Risk adjustment | | ↓15% | | | | |
| Btr | Increased revenue with more payment methods (risk-adjusted) | $1,062,500 | | $1,062,500 | | $1,062,500 |
| **Three-year total: $3,187,500** | | **Three-year present value: $2,642,280** | | | | |
| **INCREASED REVENUE WITH NEW BUSINESS MODELS** | | took many different forms, including subscriptions, international expansion, installment payment models | | | | |

**Evidence and data.** Flexibility in payment and financial systems, processes, and models was an important enabler of successfully launching new business models and initiatives. Flexible systems

on higher-value products and services, customer delivery and pickup options, and so on. These could all contribute to increased revenues. Additionally, adding these new business models was a necessary strategic move for organizations to stay ahead of

THE TOTAL ECONOMIC IMPACT™ OF STRIPE 10

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| **ANALYSIS OF BENEFITS** |  |  |
| competitive pressures and secure market share. | • | A representative from the apparel company |



Speed of launch was also critical, as seen in how many companies were forced to pivot their business models during the COVID-19 pandemic. Interviewees shared examples of the many ways Stripe has helped them quickly and effectively launch these new

implemented Stripe as part of a large project to reimagine the customer experience.

**Modeling and assumptions.** For the composite organization, Forrester assumes:

|  |  |  |  |
| --- | --- | --- | --- |
| business models: | | • | Revenues increase by 1% in Year 1, 2% in Year |
| • | All interviewees noted their organizations have | • | 2, and 3% in Year 3 as additional business |
| models are rolled out and existing ones improve. |
| either expanded or plan to expand into new | |
| The same 12.5% net margin is applied. |
| countries. They said that Stripe’s international | |

expertise and footprint make expansion successful.

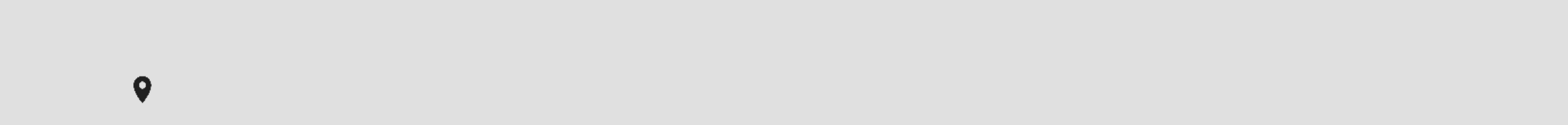
**Risks.** The following factors may impact other organizations’ realization of this benefit category:

|  |  |  |  |
| --- | --- | --- | --- |
| • | The product owner at the education organization | • | Extent to which new business models are |
| launched new subscription models with the help |
| implemented. | |
| of Stripe. |
| • | • | Ability to launch new business models based on |
| The head of technology solutions at the food |
| Stripe’s added capabilities and flexibility. | |
| organization introduced new ordering models, |
| such as home delivery and order-to-table and | **Results.** To account for these risks, Forrester | |
| has seen upwards of a 15% increase in average | adjusted this benefit downward by 15%, yielding a | |
| order values for transactions completed via these | three-year, risk-adjusted total PV of $5.4 million. | |

new digital channels.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Increased Revenue With New Business Models** | |  | **Year 1** | **Year 2** | **Year 3** |
| **Ref.** | **Metric** | **Source** |
| C1 | Total revenues (original) | A1+A5+B3 | $1,060,000,000 | $1,060,000,000 | $1,060,000,000 |
| C2 | Increase in revenues from new business models | Y1: C1\*1% Y2: C1\*2% Y3: C1\*3% | $10,600,000 | $21,200,000 | $31,800,000 |
| C3 | Average net margin | Composite | 12.5% | 12.5% | 12.5% |
| Ct | Increased revenue with new business models | C2\*C3 | $1,325,000 | $2,650,000 | $3,975,000 |
| Risk adjustment | | ↓15% | $1,126,250 | $2,252,500 | $3,378,750 |
| Ctr | Increased revenue with new business models (risk-adjusted) |  |
| **Three-year total: $6,757,500** | |  | **Three-year present value: $5,423,939** | | |
| THE TOTAL ECONOMIC IMPACT™ OF STRIPE | |  | 11 | | |

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| **ANALYSIS OF BENEFITS** |



**REDUCED CHARGEBACKS**

**Evidence and data.** Fraud and the resulting   
chargebacks were a big concern for interviewees that accepted credit cards and/or selling online. Stripe’s payment processing solutions, fraud-specific tools such as Radar, and the general data insight   
capabilities all reduced chargebacks. Interviewees shared the following examples of how they have reduced fraud and chargebacks:

• The head of treasury and procurement at the information technology organization previously dealt with a large number of card testing events. These were almost completely eliminated since moving to Stripe, thanks to the use of machine learning (ML) to ingest card and device signals and quickly block card testing attacks with little to

|  |
| --- |
| **“From a banking perspective, Stripe** |

**dashboards have made it easier to**   
**reconcile payments. If a payment is returned or a customer says they don’t recognize a transaction, we**   
**automatically block the account so**

|  |
| --- |
| **there is no risk of additional fraudulent transactions.”** |

|  |
| --- |
| *Principal engineer, apparel* |

**Modeling and assumptions.** For the composite organization, Forrester assumes:

|  |  |  |  |
| --- | --- | --- | --- |
| • | no false positives. | • | Chargebacks represented 50 basis points of the |
| The head of technology solutions at the food | • | total revenue prior to implementing Stripe. |
| With Stripe, there is an 80% reduction in |
| organization had a 1.5% chargeback rate. After |

implementing Stripe’s fraud prevention tool, Radar, it was reduced to 0.4%. This saved them

chargebacks via ML-ingesting card and device signals to quickly block card testing attacks.

|  |  |  |  |
| --- | --- | --- | --- |
| • | approximately $5 million in chargebacks. | • | No net-margin adjustment is applied since |
| A representative from the apparel company | chargebacks represent money leaving the |

discovered potential chargebacks faster with Stripe compared to their prior environment in which they had to wait for banks to notify them. This advance notice allowed them to suspend a customer account before more risky transactions were completed.

|  |
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| **“Stripe’s uptime is amazingly high.”** |

|  |
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| *Product owner, education* |

composite organization.

**Risks.** The following factors may impact other organizations’ realization of this benefit category:

• The volume of chargebacks experienced prior to Stripe.

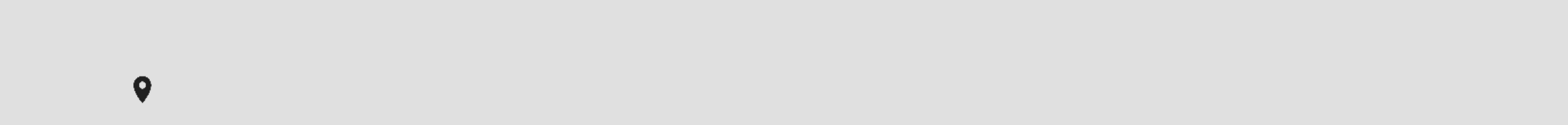
• The antifraud efforts and solutions previously in place.

• The industry and type of product/service sold.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $9.1 million.

THE TOTAL ECONOMIC IMPACT™ OF STRIPE 12

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| **ANALYSIS OF BENEFITS** |



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| --- | --- | --- | --- | --- | --- | --- |
| **Reduced Chargebacks** | |  | **Year 1** | **Year 2** |  | |
| **Ref.** | **Metric** | **Source** | **Year 3** | |
| D1 | Total revenues | (A1+A5+B3+C2) | $1,070,600,000 | $1,081,200,000 | | $1,091,800,000 |
| D2 | Baseline chargebacks | D1\*50 | $5,353,000 | $5,406,000 | | $5,459,000 |
| Dt | Reduced chargebacks | D2\*80% | $4,282,400 | $4,324,800 | | $4,367,200 |
| Risk adjustment | | ↓15% | $3,640,040 | $3,676,080 | | $3,712,120 |
| Dtr | Reduced chargebacks (risk-adjusted) |  |
| **Three-year total: $11,028,240** | |  | **Three-year present value: $9,136,181** | | | |

**UNQUANTIFIED BENEFITS**

Additional benefits that customers experienced but were not able to quantify include:

• **Increased customer satisfaction.** Improving payment experiences delivered higher customer satisfaction, which resulted in higher customer retention and lifetime value. Interviewees said that, after Stripe implementation, their new   
 payment processes removed customer friction.

Stripe also improved other payment-related   
activities that affected customer satisfaction, such as speeding up refunding.

|  |
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| **“We are spending less time and** |

**money now managing our payment solutions, despite the increase in scope. Before there were a lot of manual activities that took 20 hours**

**per week. Now it requires maybe 1**

|  |
| --- |
| **hour per week. So, that is a one-half FTE time savings.”** |

|  |
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| *Head of technology solutions, food* |

|  |  |  |
| --- | --- | --- |
| **“Ninety-five percent of our** | • | **Improved payment solution uptime and** |
| **transactions process completely** | **performance.** Stripe’s integrated solutions stack |
| **smoothly and are automated. That** | provided uptime and performance better than |
| **improves customer satisfaction. Our** | many of the solutions interviewees previously |
| **products are very sticky, so happier** | used or considered. This increased reliability |
| **customers at the beginning are very** | delivered revenue assurance, contributed to |
| **important to us.”** | increased customer satisfaction, and saved the |

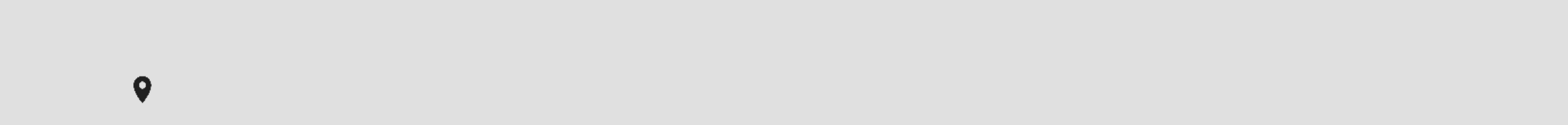
IT and payment teams time troubleshooting

|  |  |  |
| --- | --- | --- |
| *Head of treasury and procurement,* | • | issues. |
| *information technology* | **Reduced effort on payment processing** |

**activities.** The ongoing management of Stripe is   
upwards of 90% less compared to other payment

THE TOTAL ECONOMIC IMPACT™ OF STRIPE 13

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| **ANALYSIS OF BENEFITS** |



solutions interviewees used or considered. The total time savings was even greater when   
consolidating from multiple payment solution

providers. Additionally, Stripe’s integrations, reporting, and analytics reduced the effort for other teams, such as accounts receivable and

interviewees said that centralizing more of their payments stack simplified their entire security posture and that features, such as tokenization, made operations more secure because they did not hold any customer payment information. All of this also contributed to less fraud, as discussed

|  |  |  |
| --- | --- | --- |
| • | treasury. | in the reduced chargebacks quantified benefit. |
| **Improved insights.** Stripe provided analytics |

tools as well as access to the underlying   
transaction data to speed up and improve data analytics. This delivered insights across a wide range of areas, including sales analysis, process improvement opportunities, increasing   
authorization rates, reducing fraud, and making recommendations based on previous purchase behaviors. Some of the interviewees’   
organizations used the AI and ML capabilities within Stripe for additional insights.

|  |
| --- |
| **“Our business has a great need for** |

|  |
| --- |
| **quick data analysis. We are using** |

|  |
| --- |
| **Stripe for data mining and pushing out** |

|  |
| --- |
| **reports so that people can make better decisions.”** |

|  |
| --- |
| *Product owner, education* |

|  |
| --- |
| **“We use Stripe’s tokenization** |

**capability, which means we don’t hold any personal data such as bank**   
**account information. Our previous**   
**solution had security flaws, which was a headache, and also meant that some**

|  |
| --- |
| **prospective customers were**  **uncomfortable working with us.”** |

|  |
| --- |
| *Principal engineer, apparel* |

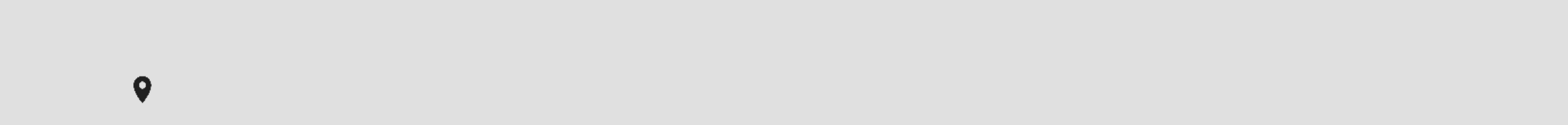
**FLEXIBILITY**

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Stripe and later realize additional uses and business opportunities, including:

• **Adding on additional Stripe solutions.** The Stripe platform consists of approximately 20

|  |  |  |  |
| --- | --- | --- | --- |
| • | **Improved security, compliance, and fraud** | • | solutions, each delivering a different set of |
| benefits. Interviewees either evaluated or were in |
| **protection.** Stripe included many solution | |
| the process of implementing other solutions. |
| components to improve security and compliance | |
| Some of the prospective solutions interviewees |
| and reduce fraud. Some of the compliance efforts | |
| mentioned included Terminal for in-store POS |
| that interviewees said improved included the | |
| purchases and Connect for marketplace third- |
| Sarbanes-Oxley Act (SOX), Payment Card | |
| party transactions. Forrester has conducted a |
| Industry (PCI) Standard, Strong Customer | |
| separate TEI study on Connect. |
| Authentication under EU Revised Directive on | |
| Payment Services (PSD2 SCA), and Know Your | | **Expanding business segments with Stripe.** |
| Customer (KYC). With regards to security, | | Some companies may initially implement Stripe |
| THE TOTAL ECONOMIC IMPACT™ OF STRIPE | | 14 |

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| **ANALYSIS OF BENEFITS** |

for a particular business unit, geography, or   
product/solution range. Expanding with a broader   
rollout later will result in the benefits being 

applicable to a greater portion of the business’s   
revenue streams.

• **Improving ongoing payment operations and**   
 **performance.** Interviewees’ organizations were   
 constantly working to improve their payment   
 processes as well as increase authorization rates   
 and reduce fraud rates. This involved ongoing   
 analytics work, A/B testing, and experimenting   
 with how they could benefit from Stripe. All of   
 these optimizations added incremental value to   
 what was realized through the original   
 implementation.

Flexibility would also be quantified when evaluated as   
part of a specific project (described in more detail in   
Appendix A).

THE TOTAL ECONOMIC IMPACT™ OF STRIPE 15

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| **Analysis Of Costs** |

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| Quantified cost data as applied to the composite |

|  |
| --- |
| **Total Costs** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Ref.** | **Cost** | **Initial** | **Year 1** | **Year 2** | **Year 3** | **Total** | **Present Value** |
| Etr | Stripe fees | $157,500 | $2,762,021 | $2,786,062 | $2,810,102 | $8,515,685 | $7,082,230 |
| Ftr | Internal effort | $52,500 | $3,024 | $3,024 | $3,024 | $61,572 | $60,020 |
|  | Total costs (risk-adjusted) | $210,000 | $2,765,045 | $2,789,086 | $2,813,126 | $8,577,257 | $7,142,250 |

**STRIPE FEES**

Stripe fees consist of standard payments processing fees that are priced per transaction. In addition, businesses added on professional services to

encouraged to work with a Stripe account manager to understand their fees.

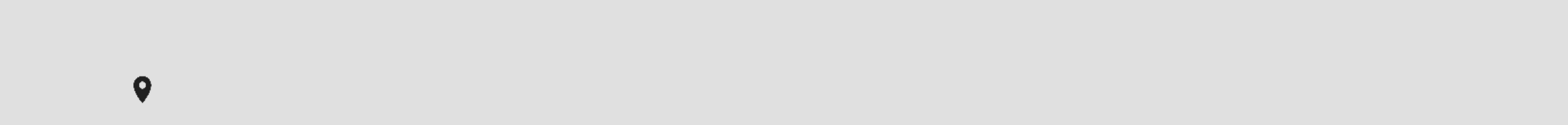
**Risks.** The following factors may impact other organizations’ realization of this cost category:

|  |  |  |  |
| --- | --- | --- | --- |
| support implementation work as well as solutions fees for additional products, such as Stripe Billing.  **Modeling and assumptions.** For the composite organization, Forrester assumes: | | • | An increased need for integration services due to |
| complex deployments or a lack of in-house resources. | |
| • | The volume and type of payments processed by |
| • | There is a one-time implementation fee of | Stripe and the solution components being used.  **Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $7.1 million. | |
| $150,000 for the two-month implementation. | |
| • | Stripe fees vary based on solution components |
| used, the volume and value of transactions Stripe processes, product/service type, and industry. | |

The fees in the financial model are based on the   
composite organization. The reader is

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Stripe Fees** | |  | **Initial** | | **Year 1** |  | |  |
| **Ref.** | **Metric** | **Source** | **Year 2** | | **Year 3** |
| E1 | Implementation fee | Interviews | $150,000 | | | | |  |
| E2 | Additional transaction fees | Composite | $2,630,496 | | | | $2,653,392 | $2,676,288 |
| Et | Stripe fees | E1+E2 | $150,000 | $2,630,496 | | | $2,653,392 | $2,676,288 |
| Risk adjustment | | ↑5% | $157,500 | $2,762,021 | | | $2,786,062 |  |
| Etr | Stripe fees (risk-adjusted) |  | $2,810,102 |
| **Three-year total: $8,515,685** | |  | **Three-year present value: $7,082,230** | | | | |  |
| THE TOTAL ECONOMIC IMPACT™ OF STRIPE | |  | 16 |

|  |  |  |
| --- | --- | --- |
| **ANALYSIS OF COSTS** |  | The average fully burdened annual cost |
| **INTERNAL EFFORT**  All interviewees said that the internal effort required to implement and manage Stripe is low compared to other payment solutions they previously used or considered. Implementation efforts included standing up Stripe, integrating into other systems, such as inventory management and general ledger, and  designing and testing user experiences. Ongoing management for keep-the-lights-on activities were negligible. | • |
| (including salary, payroll taxes, and benefits) of an FTE is $100,000 or $48 per hour.  **Risks.** Internal effort costs could vary based on: | |
| • | Higher implementation and ongoing management |
| effort. | |
| • | Higher fully burdened cost for resources working |
| with the Stripe solution.  **Results.** To account for these risks, Forrester | |



**Modeling and assumptions.** For the composite organization, Forrester assumes:

adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $60,000.

• The organization dedicates three FTEs to initial

implementation for two months’ time.

|  |  |
| --- | --- |
| • | Five hours per month are spent managing Stripe. |

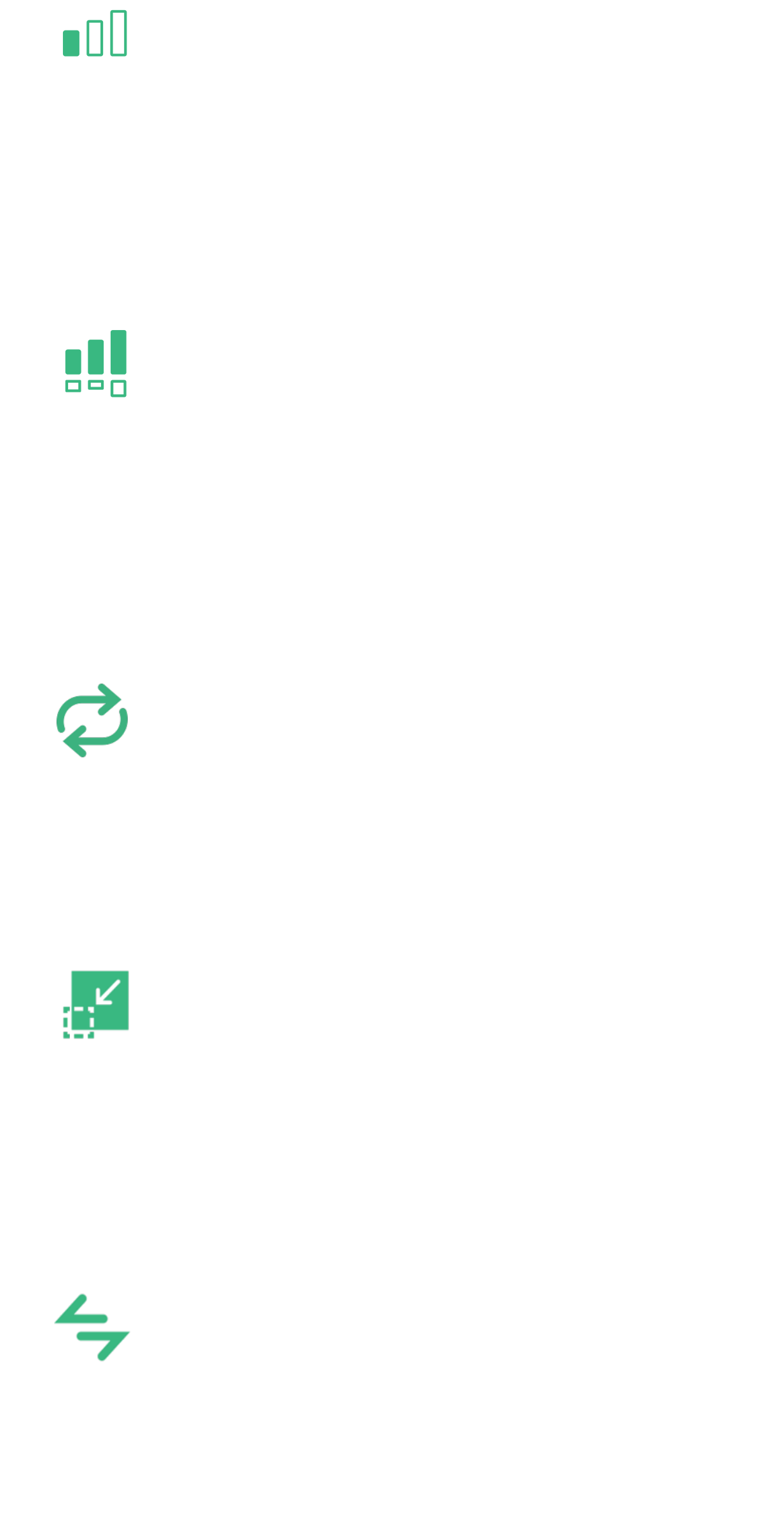
|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Internal Effort** | | **Source** | **Initial** | **Year 1** | | | **Year 2** |  |
| **Ref.** | **Metric** | **Year 3** |
| F1 | Initial implementation | 3 FTEs\*2 months\*$8,333 per month | $50,000 | | | | |  |
| F2 | Ongoing management | 1 FTE\*60 hours per year\*$48 per hour | $2,880 | | | $2,880 | | $2,880 |
| Ft | Internal effort | F1+F2 | $50,000 | | $2,880 | $2,880 | | $2,880 |
| Risk adjustment | | ↑5% | | | | | |  |
| Ftr | Internal effort (risk-adjusted) | $52,500 | | | $3,024 | $3,024 | | $3,024 |
| **Three-year total: $61,572** | | **Three-year present value: $60,020** | | | | | |  |
| THE TOTAL ECONOMIC IMPACT™ OF STRIPE | | 17 |

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| **Financial Summary** |

**CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Cash flows | **Financial Analysis (risk-adjusted)** | | | | | | |  | | --- | | The financial results calculated in the Benefits and Costs sections can be  used to determine the ROI and NPV for the composite organization’s  investment. Forrester assumes a  yearly discount rate of 10% for this  analysis. | |
| $30,000,000  $25,000,000  $20,000,000  $15,000,000  $10,000,000  $5,000,000  $0  ($5,000,000) |  | | | | |
| **These risk-adjusted ROI and** |
| **NPV values are determined** |
| **by applying risk-adjustment** |
| **factors to the unadjusted** |
| **results in each Benefit and** |
| **Cost section.** |
| Initial | | Year 1 | Year 2 | Year 3 |
| Total costs | | Total benefits | | Cumulative net benefits | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | |
| **Cash Flow Analysis (Risk-Adjusted Estimates)** | | | |  |  |  |  |
| **Initial** | | **Year 1** | **Year 2** | **Year 3** | **Total** | **Present Value** |  |
| Total costs | ($210,000) | ($2,765,045) | ($2,789,086) | ($2,813,126) | ($8,577,257) | ($7,142,250) |  |
| Total benefits | $0 | $11,141,290 | $12,303,580 | $13,465,870 | $36,910,740 | $30,413,801 |  |
| Net benefits | ($210,000) | $8,710,129 | $9,848,386 | $10,986,638 | $29,335,154 | $24,101,886 |  |
| ROI | | | |  |  | 326% |  |
| THE TOTAL ECONOMIC IMPACT™ OF STRIPE | | | |  |  |  | 18 |



**Appendix A:Total Economic**   
**Impact**

|  |  |
| --- | --- |
| Total Economic Impact is a methodology developed | **PRESENT VALUE (PV)** |
| by Forrester Research that enhances a company’s technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI  methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both | The present or current value of  (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows. |

senior management and other key business

|  |  |
| --- | --- |
| stakeholders. | **NET PRESENT VALUE (NPV)** |
| **TOTAL ECONOMIC IMPACT APPROACH** | The present or current value of |

**Benefits** represent the value delivered to the   
business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire   
organization.

**Costs** consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs   
associated with the solution.

**Flexibility** represents the strategic value that can be obtained for some future additional investment   
building on top of the initial investment already made.

Having the ability to capture that benefit has a PV that can be estimated.

**Risks** measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors

are based on “triangular distribution.”

|  |
| --- |
| The initial investment column contains costs incurred at “time |

|  |
| --- |
| 0” or at the beginning of Year 1 that are not discounted. All |

|  |
| --- |
| other cash flows are discounted using the discount rate at the |

|  |
| --- |
| end of the year. PV calculations are calculated for each total |

|  |
| --- |
| cost and benefit estimate. NPV calculations in the summary |

|  |
| --- |
| tables are the sum of the initial investment and the |

|  |
| --- |
| discounted cash flows in each year. Sums and present value |

|  |
| --- |
| calculations of the Total Benefits, Total Costs, and Cash Flow |

|  |
| --- |
| tables may not exactly add up, as some rounding may occur. |

(discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made   
unless other projects have higher NPVs.

**RETURN ON INVESTMENT (ROI)**

A project’s expected return in   
percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

**DISCOUNT RATE**

The interest rate used in cash flow analysis to take into account the   
time value of money. Organizations typically use discount rates between 8% and 16%.

**PAYBACK PERIOD**

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

THE TOTAL ECONOMIC IMPACT™ OF STRIPE 19

**Appendix B: Endnotes**

1 Total Economic Impact is a methodology developed by Forrester Research that enhances a company’s technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

THE TOTAL ECONOMIC IMPACT™ OF STRIPE 20



THE TOTAL ECONOMIC IMPACT™ OF STRIPE 21