Payment Facilitation: 5 Reasons to Buy and Not Build Your Payment Solution

The secret is out; today's successful enterprise software companies have figured out how to use payments to drive growth and add profits to their bottom line. Everywhere we look, embedded payments are being weaved into every product and service imaginable. And for good reason, consumers expect a simple and easy experience in everything they do, including how they pay. Embedded payments transform a strictly functional payment process into a personalized, intuitive experience.

Embedded payment solutions allow businesses to meet consumers where they are at, assuring a seamless payment journey. In other words, satisfy your customers' expectations and keep them rather than forcing them into a friction-filled process, taking the chance of losing them (forever).

So what's the best way to do it? If you are an enterprise software company, do you build or buy your payment solution? To some, the vision of developing a custom solution in-house is appealing. It sometimes is perceived as an attractive option to address a specific business challenge in ideation mode. On the other hand, most companies will recognize the heavy workload involved in creating, implementing, and maintaining the solution.

When weighing the costs and benefits of building or buying a payment processing solution, enterprise companies must ask, which is better suited to us? So let's begin the "weigh-in."

STEP 1

Consider your business goals focusing on the long-term strategy.

STEP 2

Assume you need it. Payments as a Service is growing rapidly. (more on this below).

STEP 3

Do your research (in a good way). Think long and hard about the time and resources involved in building out your own payment solution.

STEP 4

After completing the initial research phase, link it back to the long-term strategy. Payments aren't going anywhere and neither is the technology supporting them. Factor in the time and resources required to maintain the solution after the build.

STEP 5

Compare purchase options. We call them payment processing partners for a reason. Source the best solution partner that will fit with your business.

The Growth of Payments-as-a-Service

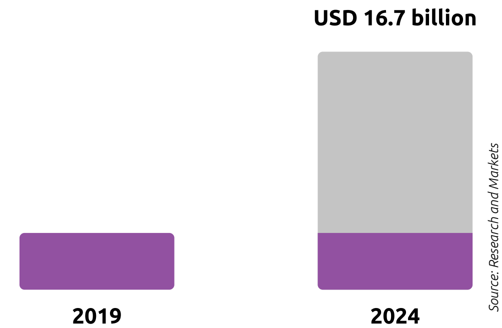
Payments modernization is no longer a maybe — it has become a must-have.

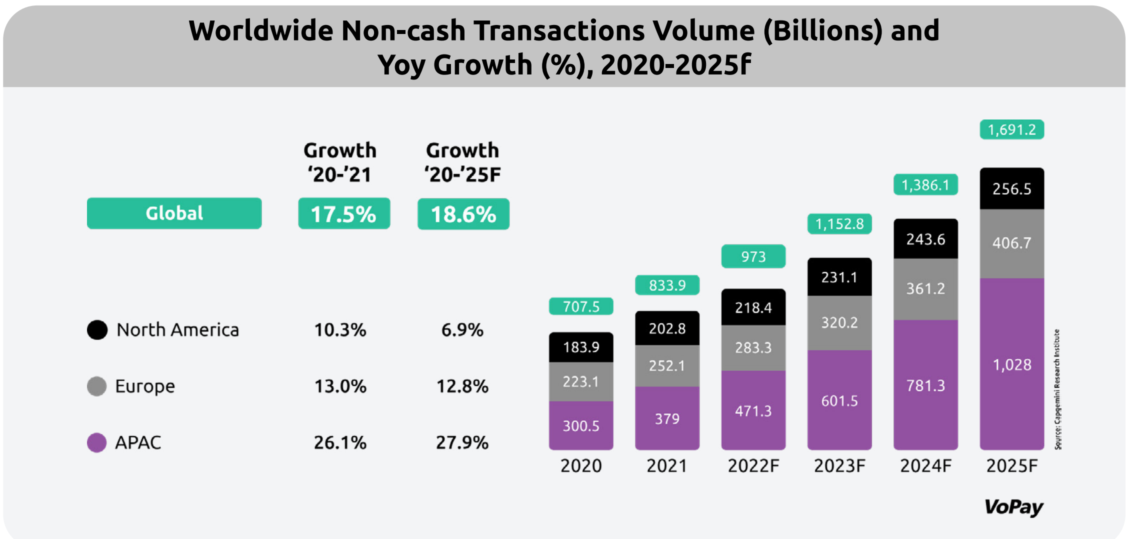
In fact, according to an IDC survey, 40% of businesses will use digital B2B payment providers to handle their finance functions for speed, reduced terms, financing and cross-border access.

What is Fanning The Payment Method Flames?
Digital payments are becoming more popular by the day. Now more than ever, the world is running on digital currency.

Global Payments-As-A-Service Market

Market forecast to grow at CAGR of 23.9%





If we thought the payment industry was evolving pre-pandemic, the period from 2020 to now has only propelled the entire ecosystem light years ahead. Be it B2C or B2B, people and businesses expect a fluid and simple payment experience. As a result, we see businesses increase their spending to streamline, digitize, and add flexibility to the payment process.

Taking a page from the Software-as-a-Service business model, Payments-as-a-Service (PaaS) solves a huge pain point, removing the friction and streamlining the payment process for the end-user.

Payments-as-a-Service solution has gained traction in Canada and the United States. And just think, we are only getting started.

> *"Due to the pandemic, the demand for digital is unprecedented and there is a push for flexibility, agility, and speed. That is why more payment companies are moving their infrastructure to cloud.* ***As-a-Service stack of technology can help firms quickly scale up and reduce market time****. There is also a strong uptake in digital adoption by small and medium businesses."*

Aser (Rodriguez) Blanco ***Head of Americas, Google Cloud Financial Services Solutions, US***

Build vs Buy

A Critical Pain Point: Collecting and managing payments. The longer it takes for you to collect, pursue, and process payments, the more time you're giving your competitors the chance to secure your most important clients.

Payment Facilitation

As with any business, it begins here. The company simply begins to collect payments as they go. It's convenient, the system in place works, and it is doable. However, as your business grows and you gain more clients, it is less desirable, inefficient, and nearly impossible to scale. Billing becomes a full-time job, and workforce hours are spent collecting, pursuing, and processing payments. Working to stay on top of payments consumes your time and prevents you from making strategic decisions that will help your firm expand.

Company A were spending an average of **10 workforce hours per week** on manual reconciliations. On top of this, they received 100 NSFs per month, requiring an **additional 10 hours per month.**

50 hours per month x 12 = 600 workforce hours per year

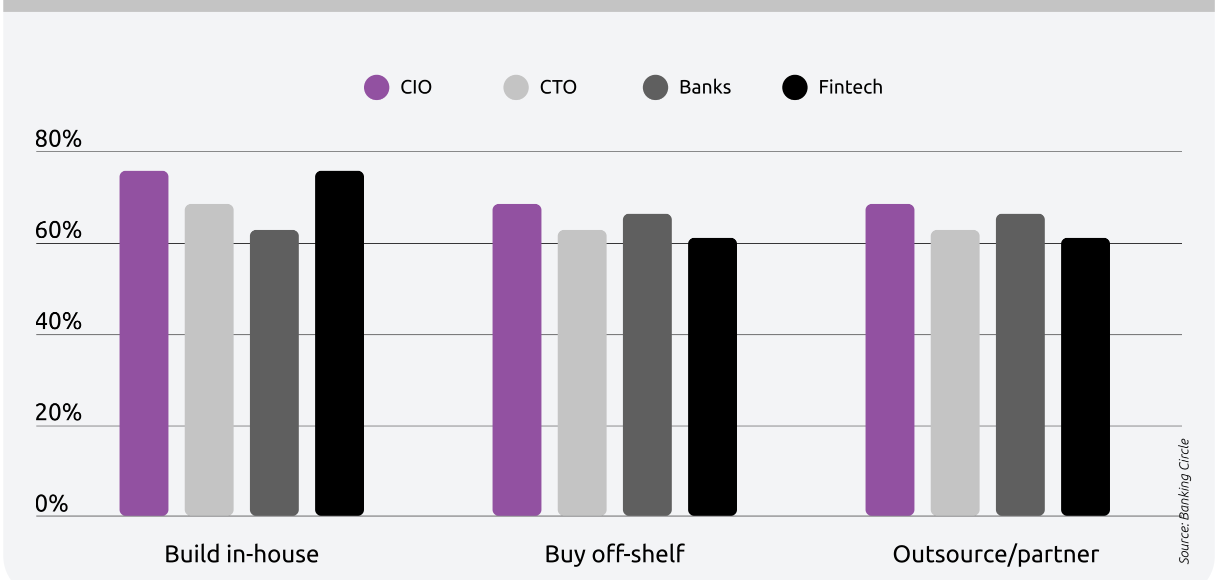
600 x 30/hr = $18,000

It is time to start thinking about improving and speeding up your payment process. And this is where the buy-not-build discussion begins.

In many situations, it's simply a better business decision to buy rather than build. It is unlikely your organizations' expertise is in payment facilitation. If it is, then there is no need to read this any further. But if it isn't, why spend countless hours having your best people -- or hiring new people -- to architect a solution that already exists and is proven in the market?

As we can see from the graph below, it is an interesting split between those that plan to build and those that plan to buy. Companies have to do what feels right for them; however, it is always a good idea to understand what is involved for both.

With Regards to Your Organisation's Future Plans for Payments Technology, How Do You Plan to Proceed?



The Build

As everyone in payments already knows, igniting any new payments network is hard, and building one from scratch is even more complicated. If you plan to build, don't underestimate the costs and the responsibilities you hold. Building an in-house payment solution more often than not requires a disproportionate allocation of resources. First off, there is the API infrastructure to think about; creating one is not as simple as one might think.

Every enterprise will require a comprehensive API strategy. Specifically, businesses should pose the following questions:

- How will the company manage the API's release and development in the future?
- Is there enough authorization and authentication in the API to protect business data and workloads from unauthorized access or modification?
- Is API security thoroughly tested during the development process?
- Is the API helpful to the business strategy?
- Is the API compliant with the organization's regulatory requirements?
- Is the API's usage logged and audited?

The considerations around APIs alone are enough to make one's head swirl. Building an in-house payment system will involve taking the necessary steps to ensure data security. And that's not all. Understanding the legal, regulatory, and risk management aspects is critical around both the initial project scope and the ongoing maintenance. Product development, quality assurance, maintenance, platform migration and patch fixes all become yours to own—no small feat by any means. Although not payment solution-specific, this article from SphereGen delivers some valid information on how to break out the actual potential cost to the organization.

Key Takeaway: Get your metaphoric chequebook out. Building a payment solution incurs legal, IT, data management, and personnel costs. And it won't stop there.

> *Ensuring that payment systems stay resilient is a challenge when you have to consider the running cost, including regulation, compliance, and security, plus the migration to new technologies. A* ***superior digital proposition, API offerings, and new data services for corporates*** *are some of the ways banks are exploring to hedge against commoditization and improve profitability.*

Mark Builtenhek ***Head of Transaction Services. ING, The Netherlands***

The Buy

Why build when you can buy? Reap the benefits without risk and the time and resource investments. We look at the 5 main reasons why, if you're seeking to scale quickly, you should seriously consider buying rather than constructing your payments strategy.

With trends in the payment industry shifting at every turn, companies need to stay on top of all the ways payments are delivered to customers. Understanding the ins and outs of these new payment delivery models can significantly benefit enterprises as they plan for their future. And this is where third-party payment processors step in. They are experienced and subject matter experts with the skills required to ensure enterprises receive the solutions to meet their business needs. Partnering with an external specialist means companies can shift the responsibility onto the payment processor. In turn, the payment processor handles everything—onboarding, customer relationship, and other functions needed to get merchants ready to accept payments.

At the next level of complexity, white-label solutions give companies greater control over the user experience and generate more revenue, while the processor assumes the risk. Market-ready white label services, such as those offered by VoPay, enable companies to tailor a ready-made solution to a specific set of requirements. When building a new service, it can then be launched under your brand in days instead of months of iterative development, testing, and calibration.

A good white label payment processor functions as a building kit, allowing you to add or remove components, change the look and functionality, and integrate the solution into a larger network of services.

The more adaptable and well-thought-out the solution, the more easily it can be modified to achieve the following benefits:

1. A Dependable Service Provider and the Benefit of Best Practice

A third-party payment provider exists to solve your business pain point, just as you are solving a business problem for your clients. Companies can benefit from a dedicated provider's skill set and expertise. The vendor has often solved the same problem before based on others' experiences; **use it to your advantage**. All of your payment requirements can be met without internal talent investment, saving both time and money.

2. Reap the Benefits of New Technology Without Having to Test, Build, Manage, or Make the Initial Investment

Payment methods are not static. New features, new technology, and new trends are a given. It is near impossible to stay up to date and at the same time determine if they are a business fit. Third-party providers need to stay ahead of the game and constantly iterate solutions and look for ways to improve. Staying on top of new technology = staying ahead of your competitors.

3. Technology Maintenance

One of the most challenging aspects of building your payments process in-house is the ongoing maintenance and the time spent resolving issues as they arise. A third-party provider delivers more comprehensive support throughout the life cycle. A minor problem or flaw can consume days of your team's time, depriving them of valuable hours that could be spent on business development. Push that burden onto a third-party provider.

4. Cost

While purchased software may seem to come with a high upfront cost or subscription fee, it is a known expense. Across the board, CIOs and CEOs prefer a fixed cost for a ready-to-use product. Additionally, with a large customer base, a provider comes with efficiencies, meaning it can often charge less for implementing and maintaining an established product than it would cost to support a one-off, homegrown application.

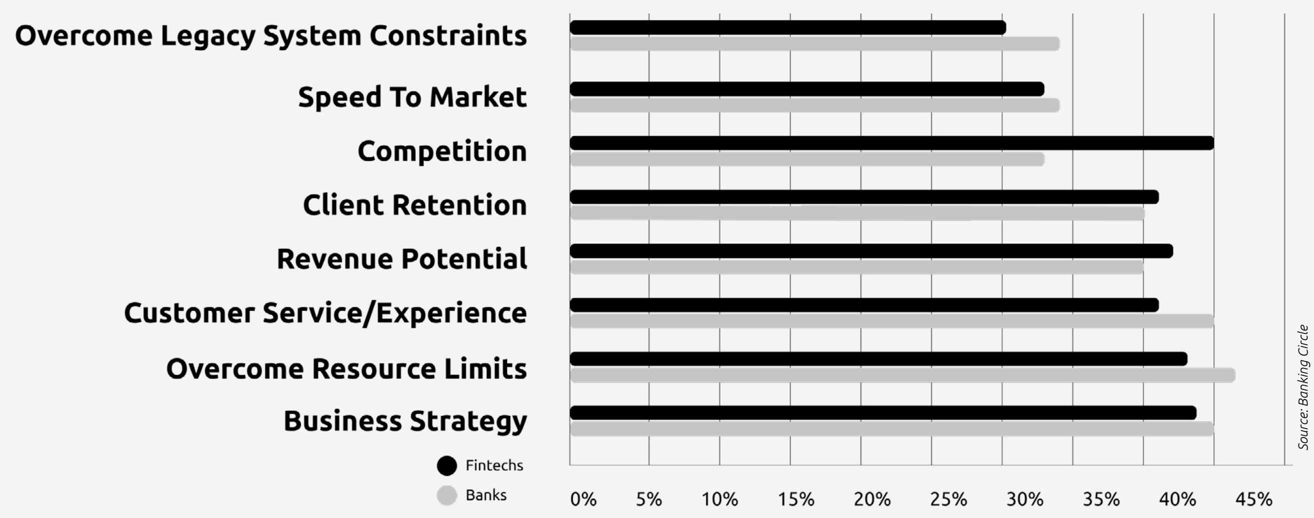
DID YOU KNOW?	Gallup reported that one in every six IT projects has a cost overrun of 200%?

5. Speed to Market

Get it up and running sooner than later. That same Gallup poll from above found IT projects have a schedule overrun of nearly 70%. By partnering with a reputable provider, businesses can deploy a proven solution quicker, allowing them to get the technology into the hands of the user sooner than later.

Key Takeaway: If internal and financial resources are limited, fast deployment is a priority, and there are solutions on the market that can address the business pain point your company has. Buy, not build, is the best solution to choose.

What, if Anything, Drives Your Decision to Partner With External Specialists?



Partnering with a third-party payment processor means staff spends less time on manual payment-related tasks, making them more efficient and less error-prone. Removing the labour-intensive manual processes saves time for businesses and customers. And adds more money to the bottom line.

Integrated Payment Benefits

FIRST BIG WIN

Your merchant can get payments acceptance up and running rapidly and securely within their business management software.

SECOND BIG WIN

Your business adds a new revenue stream.

THIRD BIG WIN

Reduce payment processing costs and improve purchase efficiency.

Partnering With a Payment Facilitator

Working with external payment providers spreads the load and eases the burden on CTOs, and CIOs.

Processing transactions, regulatory compliance and account onboarding is resource-intensive work. The existing way of managing payments and collections is outdated and inefficient we fix that.

By embedding our payment processing services into any software solution, companies can connect to all major payment rails and simplify the complexity of offering local payment methods. Get the help you need from a payment solution that is ideal for your company’s current and future needs.

Integrate payment processing into your software and shift the heavy lift to us.

Meet All the Payment Services Available for All Your Debiting and Crediting Needs.

Intelligent EFT / ACH (iQ11)

Using open banking technology, customers can send and accept instant bank account payments, verify funds and improve payment speed.

Standard EFT / ACH

Seamlessly facilitate ACH/EFT payment collection, disbursement and reconciliation across Canada and the USA.

e-Transfer for Business

Send and request single or bulk e-Transfer payments with a $25,000 limit per payment using only an email address.

VoPay Instant

Send and receive money directly from any Visa card account holder globally in near real-time. Powered by Visa Direct.

Credit Cards

Maximize revenue and lower your cost with flexible credit card payment processing.

Learn More About VoPay's Integrated Payment Plans

Speak With Our Expert Team