

# State of the Business and Payments through the Customer Lens

Jeff Hunsaker

VP, Head of Customer Success  
Authorize.Net & CyberSource



“

I just am pea green with envy when I look at my grandchildren and great grandchildren and young people. They're going to live through the most fascinating times, good and bad, in time frames that we can't comprehend. **The Future is unknown, but I find it very exciting.**

# State of the Business

An abstract graphic consisting of numerous thin, parallel lines of varying lengths and orientations. The lines are primarily white, with a cluster of yellow lines on the left side. They are arranged in a way that suggests movement and flow, with some lines curving upwards and others extending horizontally or diagonally.

Authorize.Net pioneered solutions for online credit card payments – and today, we're the payment brand most trusted by small businesses.



**\$137 Billion**  
Total Volume



**1.1 Billion**  
Transactions



**430K**  
Active Merchants



**99.99%**  
System Uptime



**900+**  
Integrated Solutions



**24 X 7**  
Customer Support

\*Authorize.Net recognized in Alignable's 2018 SMB Trust Index as most trusted brand by small business owners for payments & management, see: <https://www.alignable.com/insights/the-most-trusted-small-businesses-brands-in-2018-2>



# The people that power the business

Bellevue, WA

## 260 employees

- Product Management
- Product Development

Lehi, UT

## 260 employees

- Sales
- Marketing
- Finance
- Accounting
- Customer Support

Austin, TX

## 30 employees

- Customer Support
- SMB Solutions Lead

London, UK

## 3 employees

- Sales

# The Power of Partnerships

## MERCHANT CUSTOMERS

jetBlue

WHOLE  
FOODS  
MARKET

DOLLAR SHAVE CLUB  
SHAVE TIME. SHAVE MONEY.

Progressive  
Leasing™

SimpliSafe  
Home Security

Consumer  
Cellular

REGAL  
CINEMAS

RITE  
AID

SOULCYCLE

Raley's

CAMERON HUGHES WINE

Passport

## FINANCIAL INSTITUTION PARTNERS

WELLS  
FARGO

NorthAmerican  
BANCARD™

CHASE  
Paymentech

TSYS  
Merchant Solutions™

EVOPAYMENTS  
INTERNATIONAL

CAYAN™

iPayment®

globalpayments

worldpay

vantiv®

Bank of America  
Merchant Services

## TECHNOLOGY PARTNERS

DocuSign®

Recurly

BIGCOMMERCE

DATATEL

shopify






















SIGNIFYD








ubersmith

VORTX  
very tech

# Big thinking for small businesses

## Core Authorize.Net Services

Payment Acceptance	Payment Services	Commerce Services	Fraud & Security	Business Management	Support & Resources
 Web	 Credit Card Processing	 Recurring Billing	 Secure Data Storage	 Account management	 24X7 Merchant Support
 Mobile	 *Pay Digital Payments	 Account Updater	 Fraud Management	 User management	 Integrated ISVs
 In-App	 Alternative Payments	 Invoicing	 PCI DSS Support PCI Compliance	 Reporting	 KnowledgeBase
 POS/mPOS	 eCheck Processing			 qb Accounting Sync	 Online Community
 Contact Center	 Mobile/Virtual Point of Sale				

Developer Tools	 Developer Center	 Hosted forms	 Modern APIs	 Sandbox
Authorize.Net Platform	 VisaNet payment processing system	 99.99% Uptime	 Continuous Availability via Active-Active Architecture	 Global threat monitoring

Investment Acceleration	 Enhance Foundation	 Market Expansion
	 Drive Differentiation	

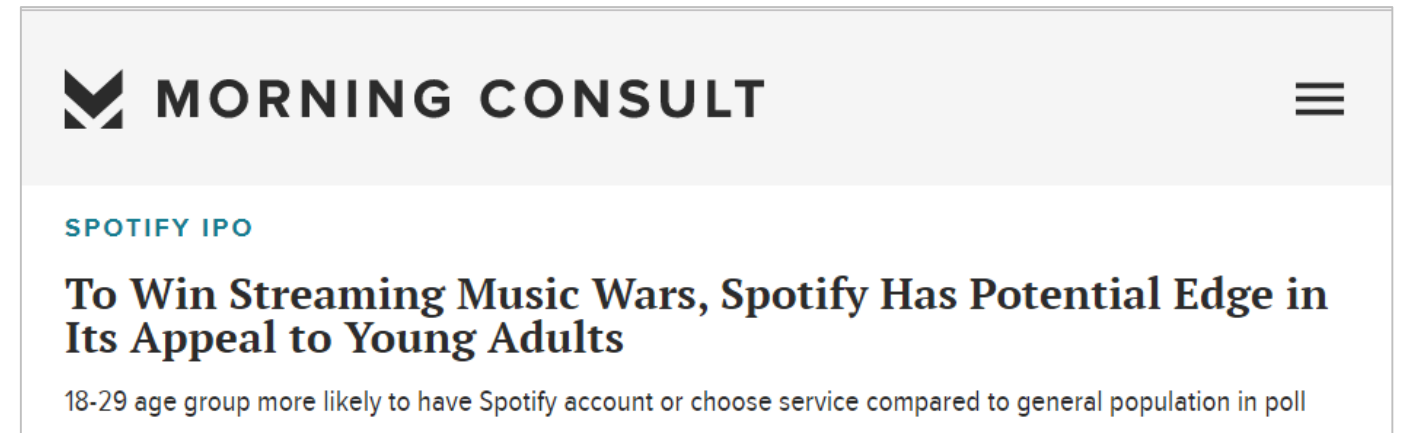
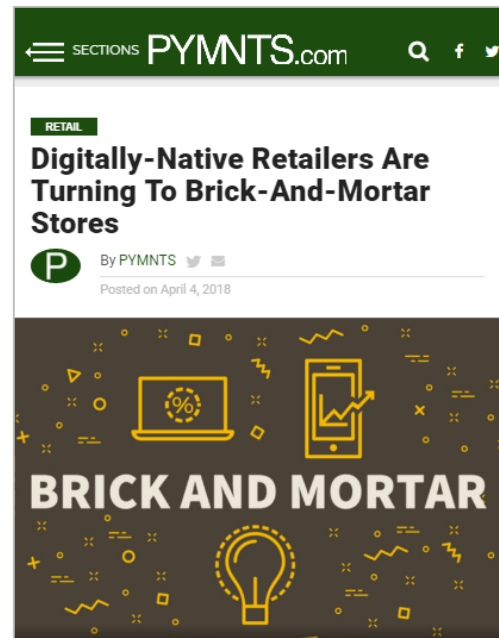


# Payments through the Customer Lens



An abstract graphic consisting of numerous thin, parallel lines of varying lengths and orientations. The lines are primarily white, with a cluster of yellow lines on the left side. They originate from the bottom left and fan out towards the top right, creating a sense of motion and depth against the solid blue background.



# Digital disruption and transformation is impacting all verticals



# Service industries and B2B business models are not left behind



**Salesforce's Einstein AI makes 1B+ predictions daily.**

Einstein is already used by Coca-Cola for its inventory tracking capabilities that let the company know exactly when it needs to restock, as well as by Amazon Web Services to help it improve its lead-to-cash time.



**Metromile Revolutionizes The Claims Experience With Automated Direct Repair, Rental Car And Claim Payments Programs**

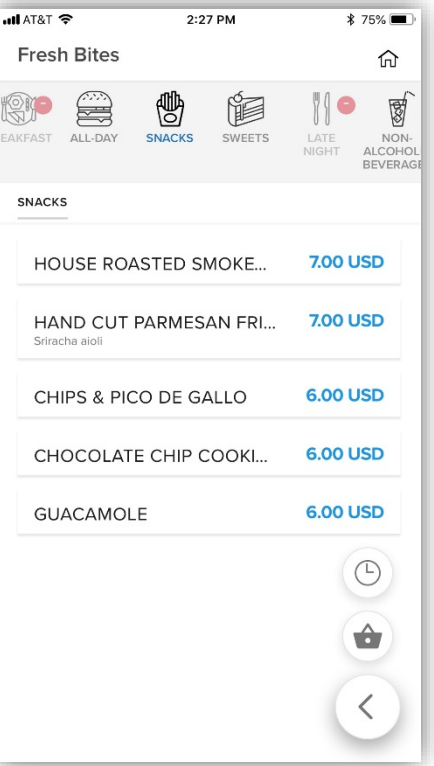
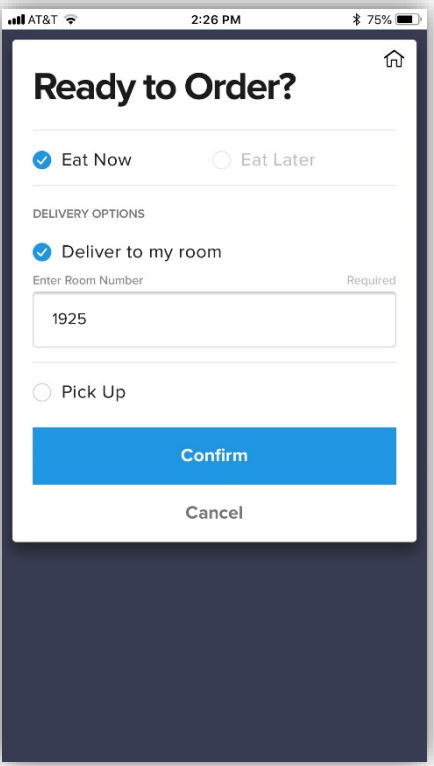
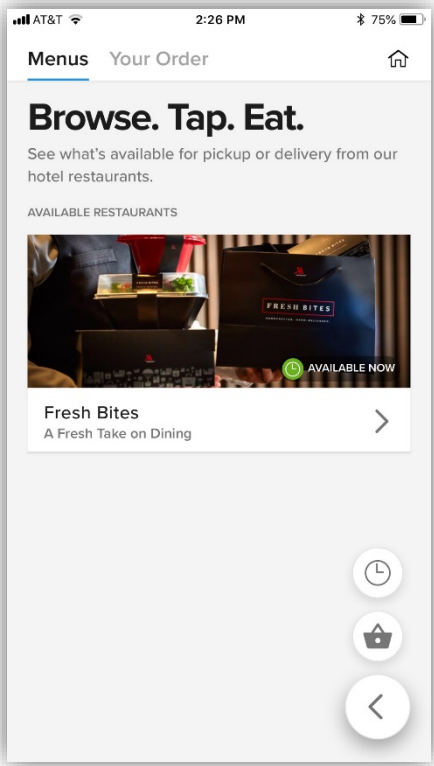
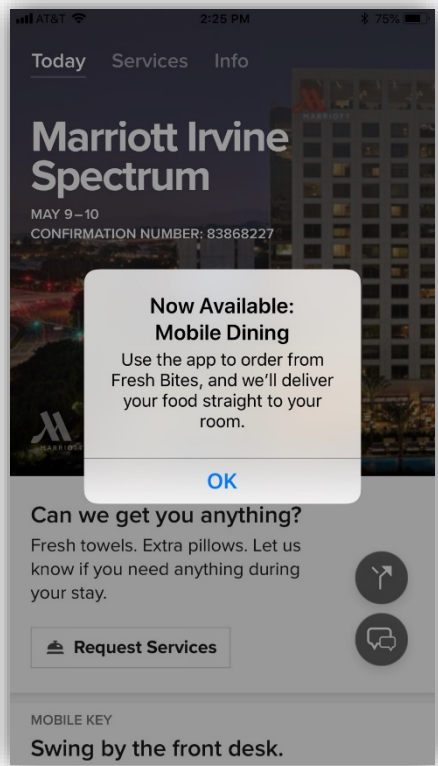
"Leveraging the power of AVA, the brand's artificial intelligence (AI) claims system, qualifying customers can now opt-in to automate the identification and payment of auto repair and car rental providers ... using Metromile's mobile app or online dashboard."

Cision PR Newswire (December 6, 2017)





## The Marriott Hotel Experience



Source: <https://insuranceblog.accenture.com/how-insurers-are-using-drones-right-now-new-applications>  
<https://www.prnewswire.com/news-releases/metromile-revolutionizes-the-claims-experience-with-automated-direct-repair-rental-car-and-claim-payments-programs-300567614.html>  
<https://www.cio.com/article/3195891/cio-role/kaizer-cio-shares-it-lessons-for-the-future-of-healthcare.html>  
<https://insuranceblog.accenture.com/how-insurers-are-using-drones-right-now-new-applications>

Digital Commerce is almost at half a trillion dollars and growing strongly; mobile expected to account for over half of Digital Commerce by 2021

Brick and mortar		dCommerce	mCommerce
\$5.02T	Face-to-face point-of-sale in 2017	2017 Revenue	\$453B
		Growth over previous year	15.8%
3.8%	Growth over previous year	Retail sales in 2017	9%
		Retail sales by 2021	13.7%
			38%
			34.5%
			53.9%

### Incremental sales from Digital Commerce by 2021

Retail	Digital Ent.	B2B Goods & Svcs	Travel
\$332B	\$9B	\$3.5T	\$66B

- Source: eMarketer; <http://totalaccess.emarketer.com/Reports>, 2018 ; Includes sales of computers
  - Forrester: Mapping The \$9 Trillion US B2B Online Commerce Market,, 2018
  - Statista Digital Media Outlook, April, 2018
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# Trends are similar across industry segments



## Retail Goods




## Media and Entertainment



## Services

Card not present

Card present

+18% 

-4% 


Fraud (bps):

**34** bps

**6** bps

Card not present

Card present

+12% 


+3% 

**18** bps

**7** bps

Card not present

Card present

+13% 

+10% 

**9** bps

**2** bps

CNP Cross  
Border Rate:

+6% 

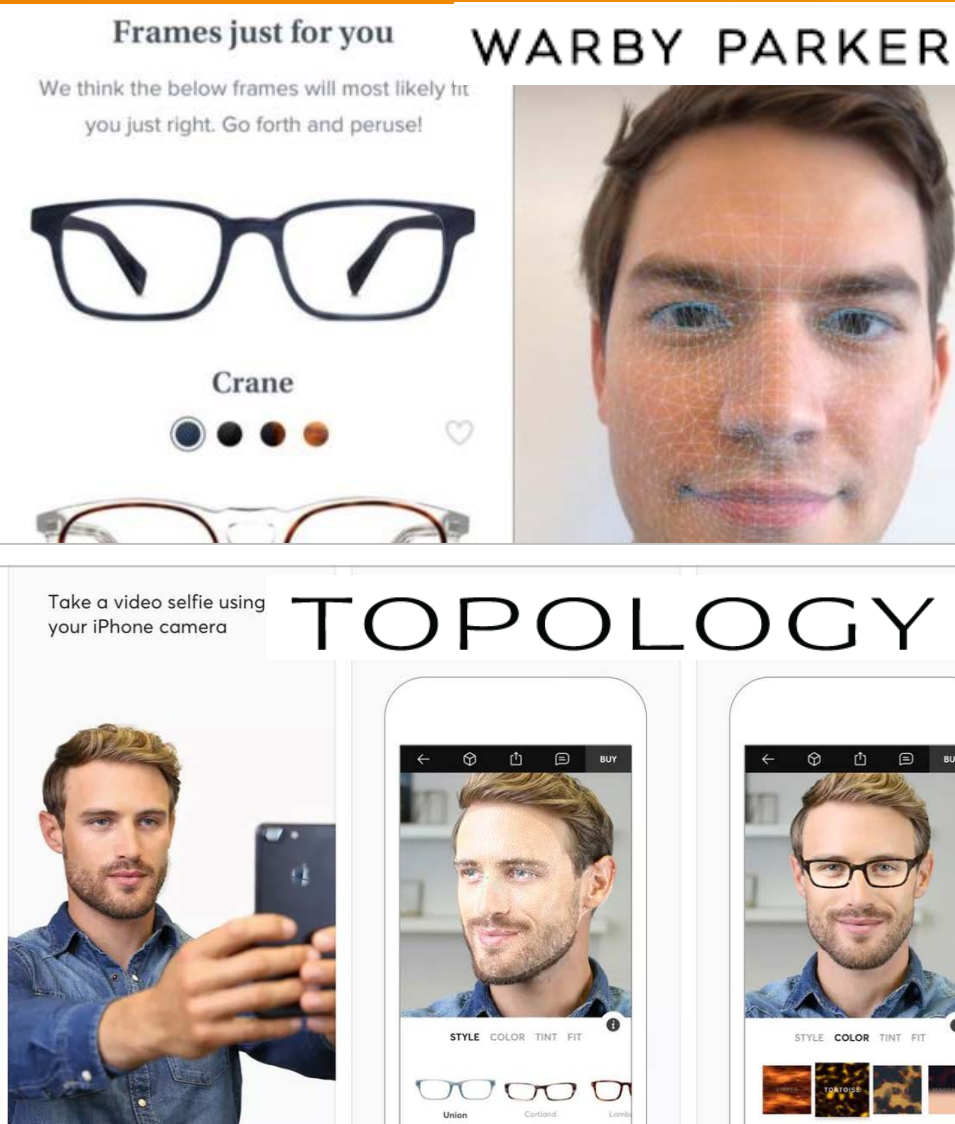
+12% 

+12% 



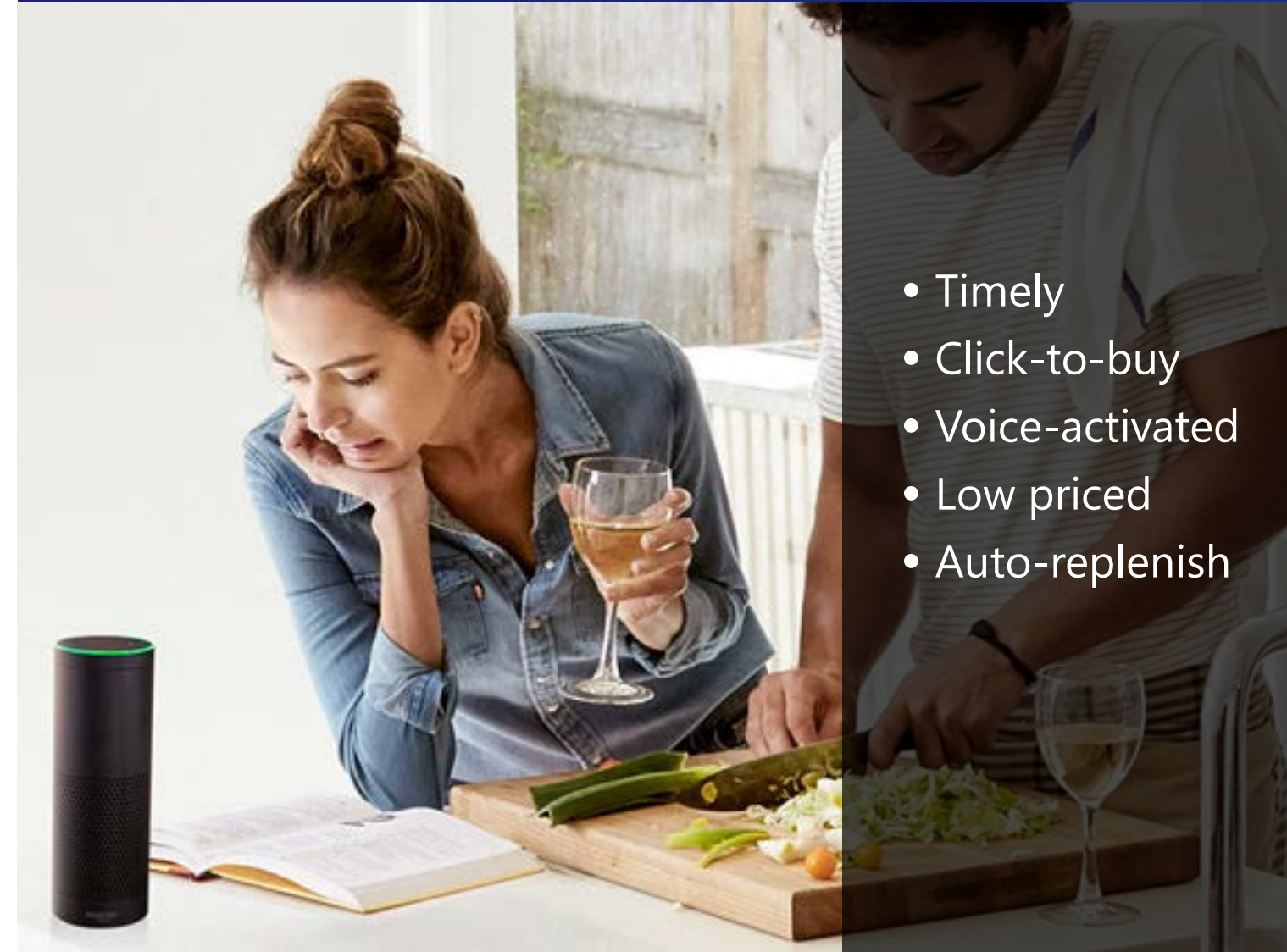
# Commerce is becoming either experience-based or convenience-based

## Experience-based



- Peer sharing
- AR/VR enabled
- Involved decision making
- Curated views

## Convenience-based



- Timely
- Click-to-buy
- Voice-activated
- Low priced
- Auto-replenish

Source: Planet Retail, Store of the Future, 2017; Amazon Echo Press Room, 2018

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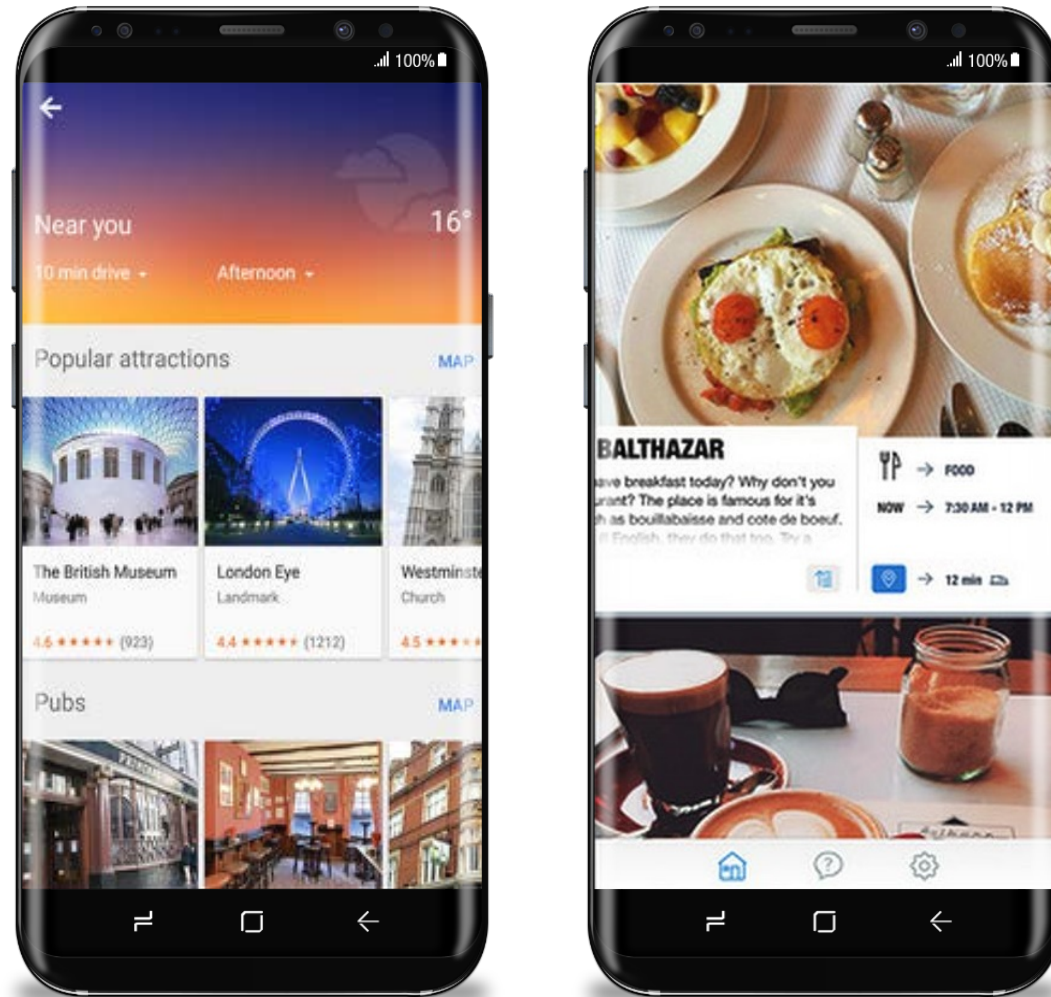
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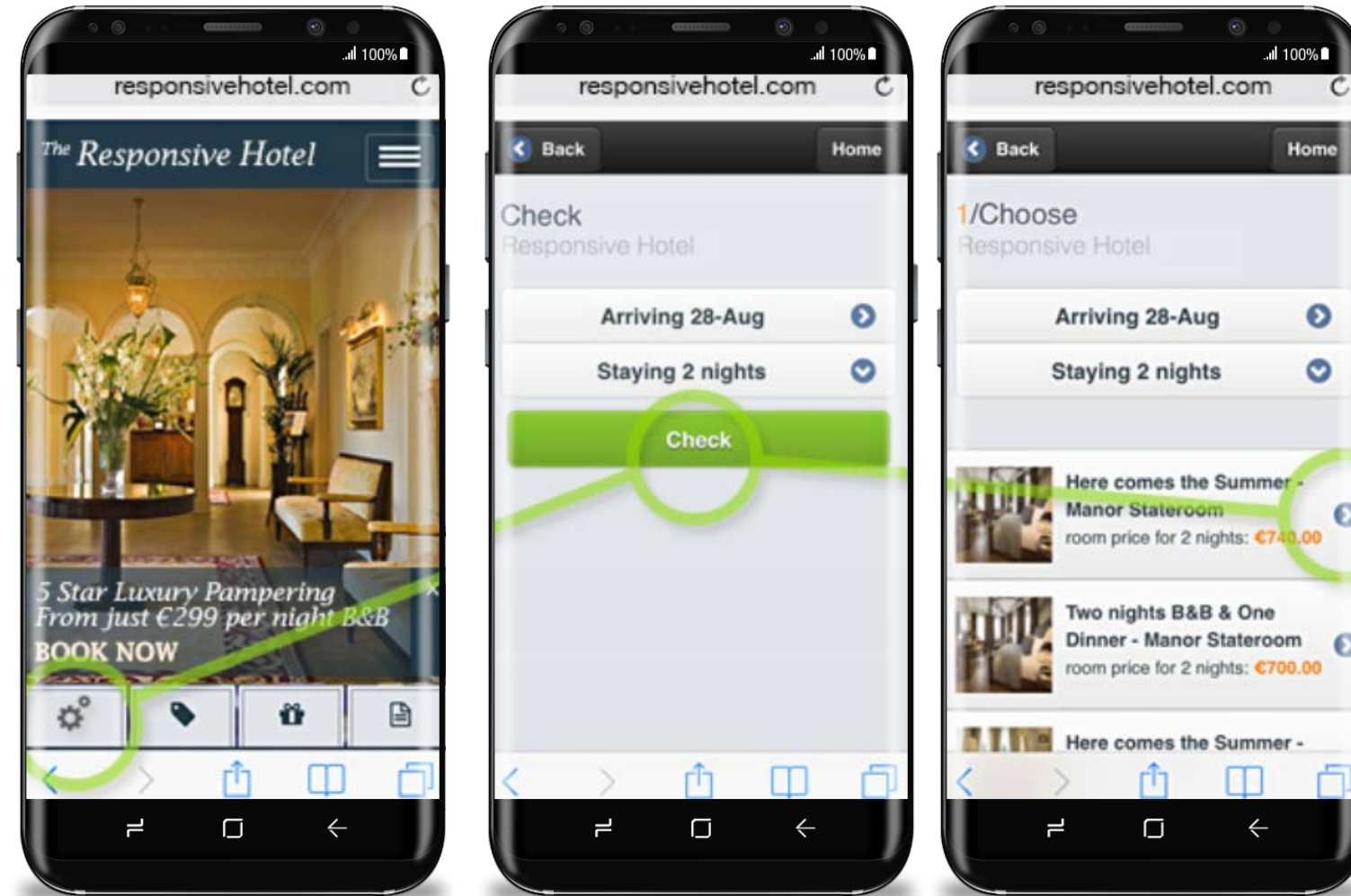


Some businesses will need to tailor their approach to both scenarios

## Experience-based



## Convenience-based



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Contextual Commerce is replacing traditional commerce:  
give customers what they want, when they want it, without the effort

"If it's not easy, consumers won't do it," Mark Lavelle, CEO of ecommerce platform Magento, Money 20/20

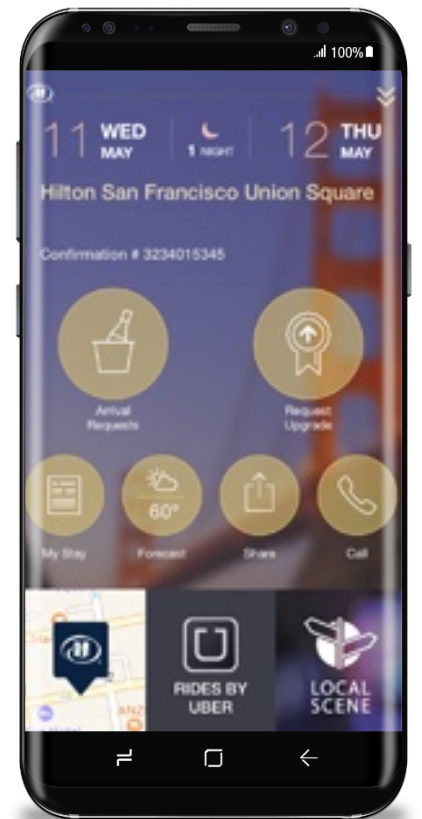
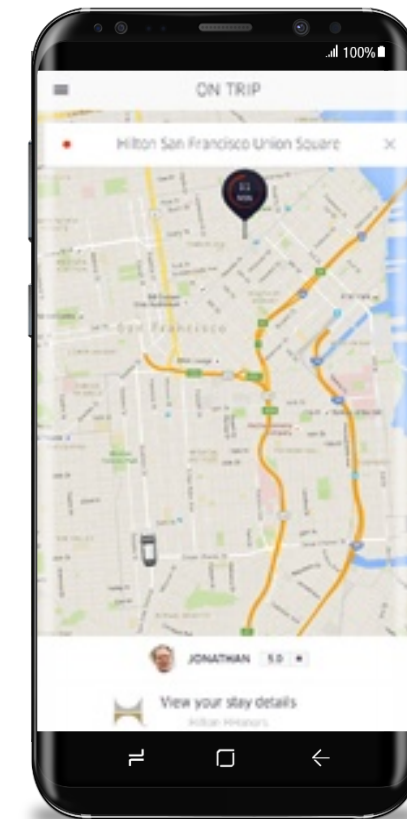
Then



Now



Hilton



Success depends on addressing security and privacy concerns

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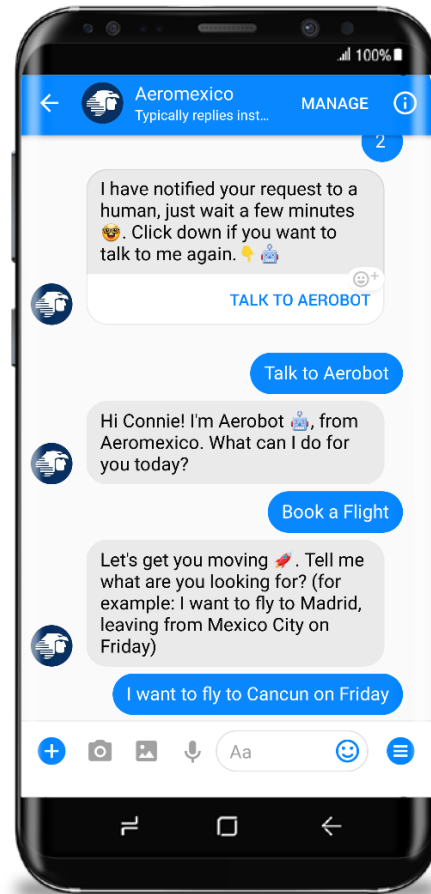
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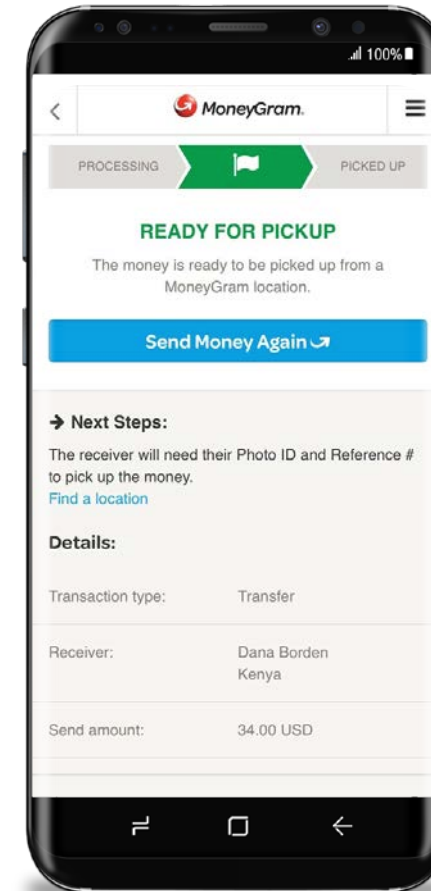
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# Conversational Commerce is dominating conferences and technology news

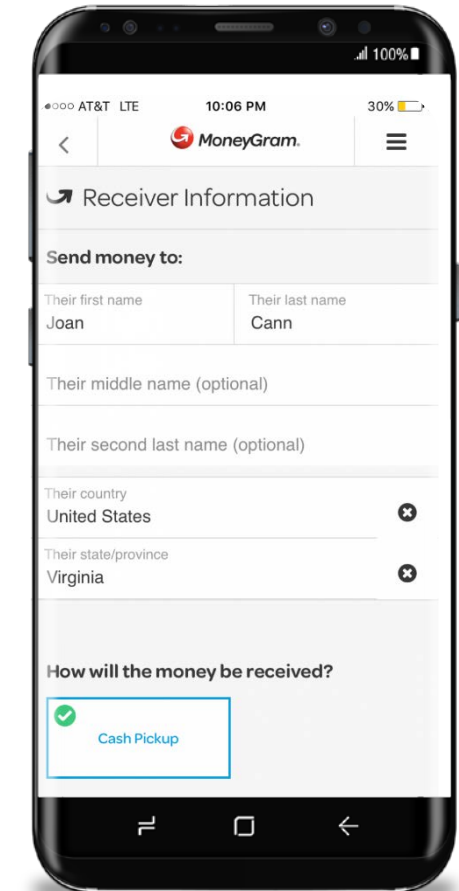
Chat apps and chat bots are ruling in China, and making inroads closer to home, especially with millennials...



Book an air ticket



Transfer money



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# Social Commerce is gaining momentum as shoppers make the transition from browsing to purchasing

The top 500 retailers earned an estimated **\$6.5 billion** from social shopping in 2017, up **25%** from the previous year.



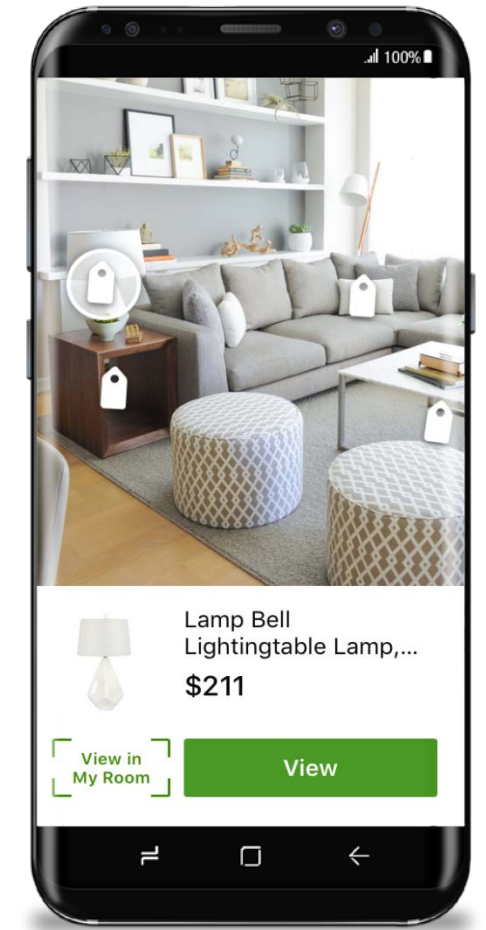
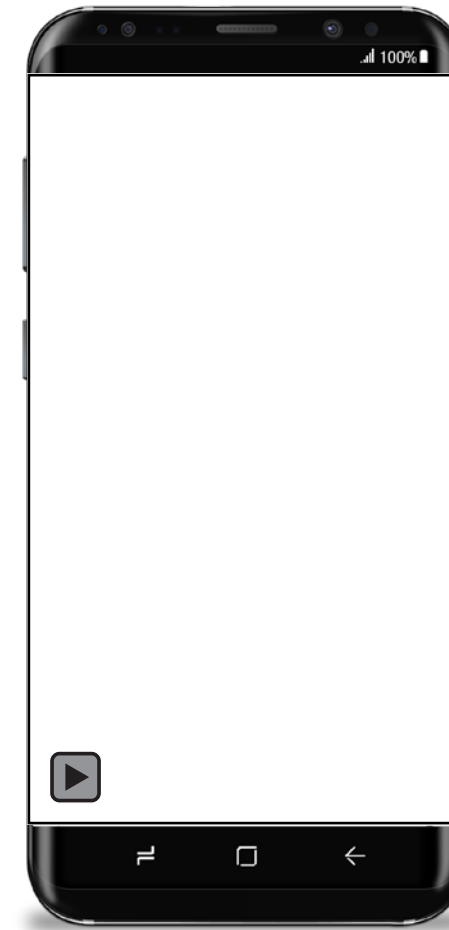
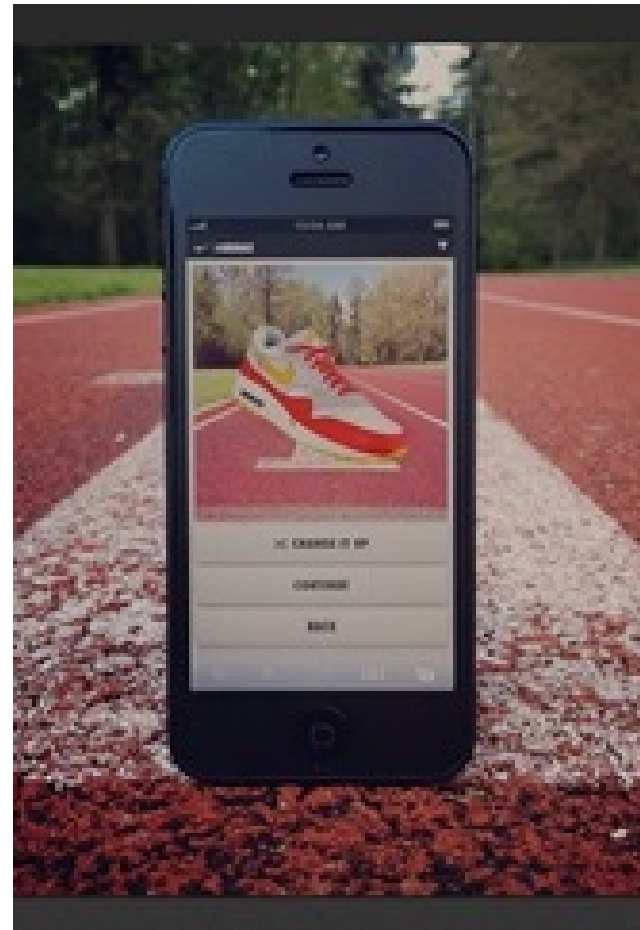
**26%**

of Facebook users who clicked on an ad on the platform in 2017 made a subsequent purchase



**72%**

of Instagram users say they've made a purchase at least once, after viewing something on the app



Source: Business Intelligence, The Social Commerce Report, 2018

[http://www.digitaltrainingacademy.com/casestudies/2015/01/instagram\\_case\\_study\\_nike\\_lets\\_customers\\_design\\_their\\_own\\_trainers\\_with\\_instagram\\_photos.php](http://www.digitaltrainingacademy.com/casestudies/2015/01/instagram_case_study_nike_lets_customers_design_their_own_trainers_with_instagram_photos.php)

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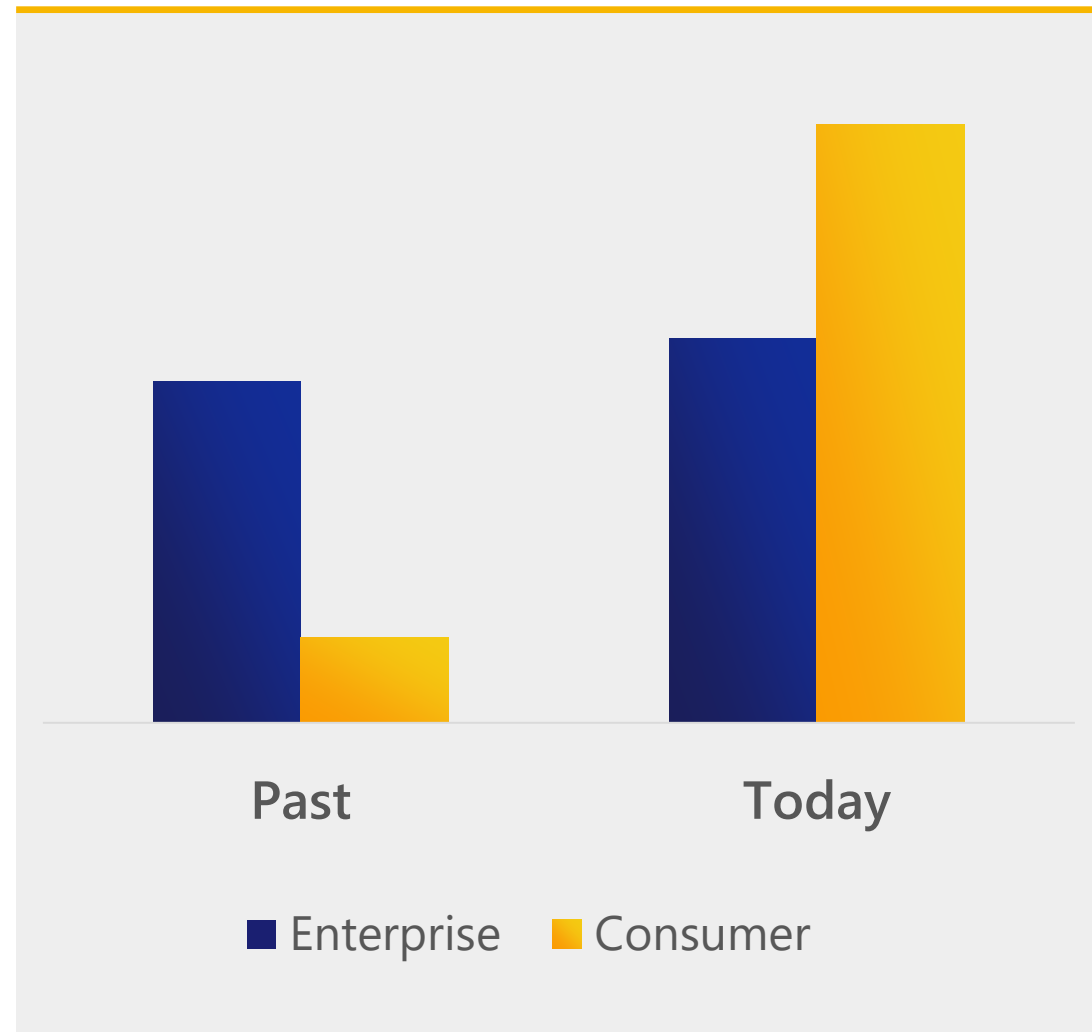
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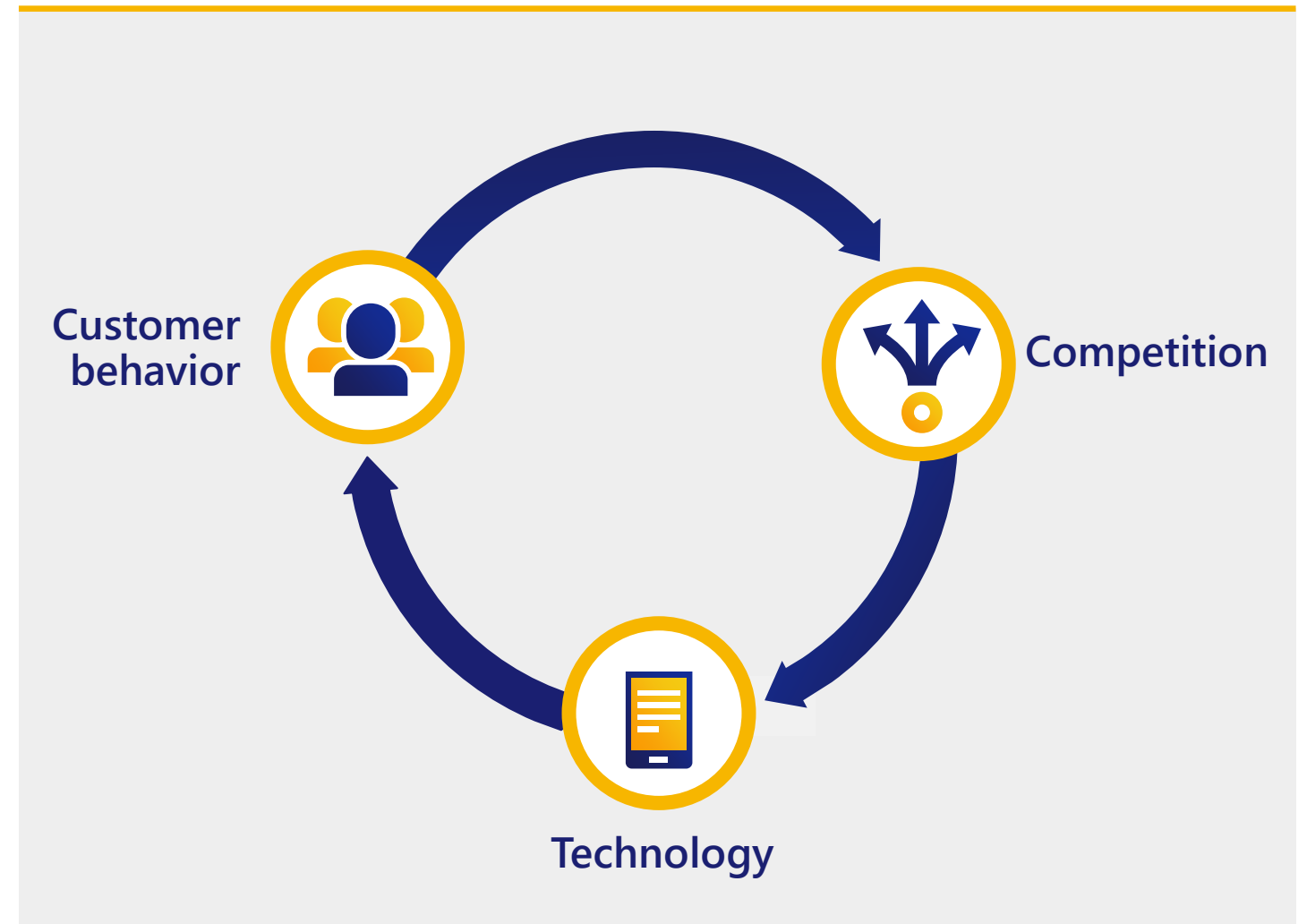
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# What is driving these trends?

Focus of technological advancement shifted from enterprise to consumer



→  
Cycle times  
and cost





# Growth and digital transformation are at the top of CIO priorities

Expect cyber-threats to rise and affect their organization

95%



Growth and  
market share

26%



Digital business and  
digital transformation

17%



Profit  
improvements

10%



Innovation and  
new products

10%

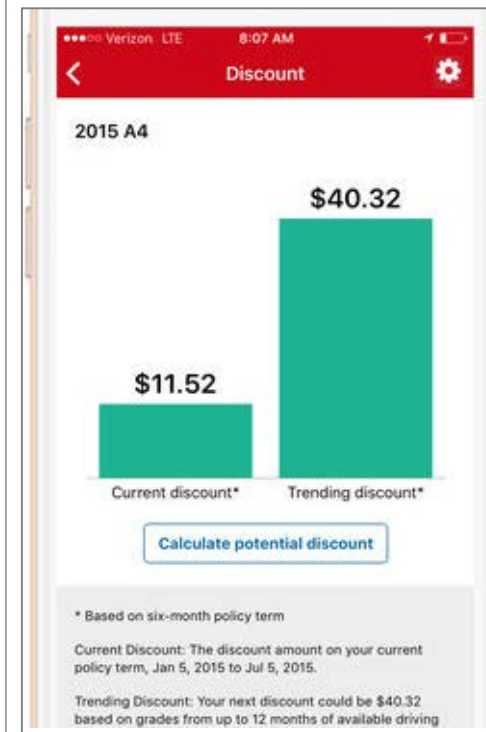
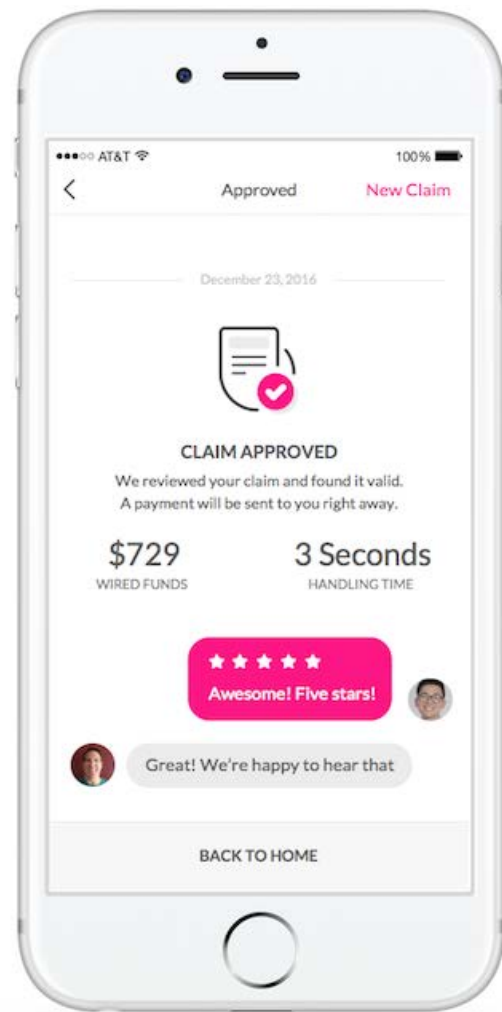
Source: <https://www.cio.com/article/3247837/business/no-1-business-priority-reported-by-cios-for-2018.html>

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# Insurance companies are responding to customer needs in many ways



Fast claims resolution  
powered by AI bots

Insurance information available  
via voice command

Innovative and useful apps to assist customers  
and create differentiated services



# From coins to connected car in 7 short years



Coin Meters

Card Acceptance

Parking App

Connected Car



Source: <https://passportinc.com/evolution-parking-meter/>  
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## In summary

### The Opportunity

- Strong economic fundamentals
- High digital commerce growth
- Exciting new technologies

### The Considerations

- Weighing opportunity cost
- Adopting the right new tech and practices
- Staying agile and ahead



Thank you