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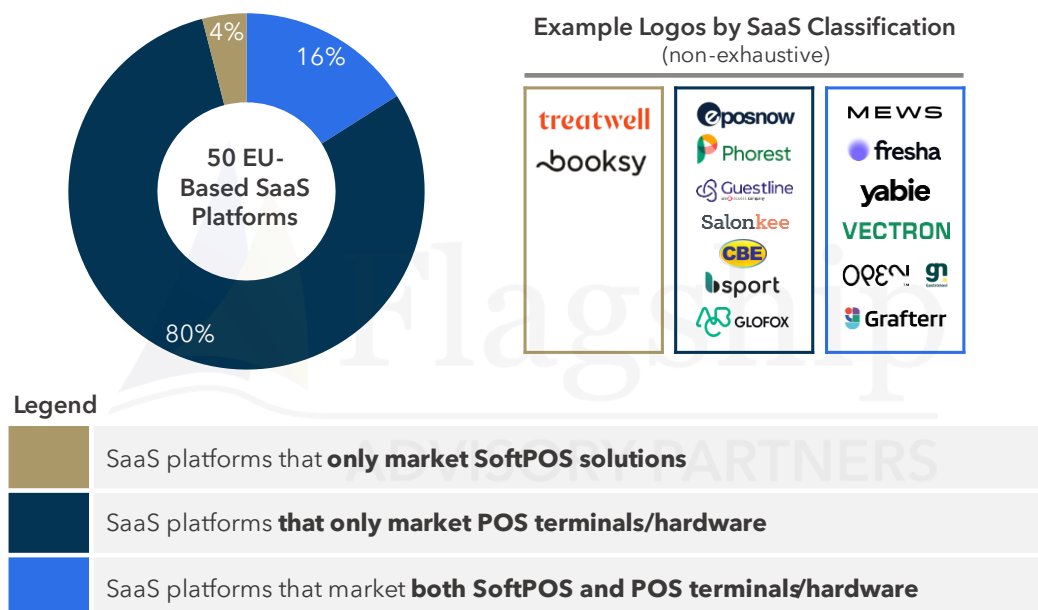
European SaaS Bullish on SoftPOS, But Slow to Market

As the digital economy evolves, SaaS platforms across Europe are reevaluating their approach to payments, particularly at the point of sale. One innovation gaining excitement, but less so real traction (yet), is SoftPOS, a tap-to-pay technology that turns smartphones into contactless payment terminals. It's clear in our work and research that SaaS companies love the potential to accept face-to-face payments without the requirements of payment devices (which we discuss further [HERE](#)). Our recent research shows, however, that marketing of SoftPOS today remains subdued, with only 20% of the SaaS companies in our sample actively marketing a SoftPOS solution.

Why Are SaaS Platforms Rethinking Hardware?

SaaS platforms across verticals embrace in-person commerce, enabled by payment devices. Unfortunately, including payment devices in the product stack introduces significant complexity - another piece of hardware to maintain, another software foundation, etc. The costs also add up fast: procurement, shipping, support, breakage, and lifecycle management. Even with today's technical tools (5G, Bluetooth, etc.), payment devices add friction to the merchant experience.

Figure 1: SaaS Platform Support for SoftPOS vs. Terminals



Source: Company websites, Flagship market observations
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These payment hardware-related pain points create natural excitement and demand for SoftPOS, a technology that can add card acceptance to the SaaS platform devices or to the merchant's 'bring-you-own' device. While the voice of the market is clear and excited about SoftPOS, the active marketing of SoftPOS solutions is more limited. In our review of 50 leading European SaaS platforms that offer in-store payment acceptance, only 20% are currently marketing SoftPOS as part of their offering.

SoftPOS: A Strategic Move for SaaS Platforms

SoftPOS presents a compelling utility. The technology allows merchants to accept contactless payments directly on mobile phones. The entire merchant experience can be app-based, slicker, and easier than boxes of equipment. For the SaaS platform, it simplifies operations and the product tech stack. Payment devices can be a lucrative product for stand-alone payment services providers serving SMBs, but SaaS platforms with embedded payments often have low or no profit margins on this hardware. As such, migrating to SoftPOS presents a clear EBITDA upside for SaaS companies. While the rollout of SoftPOS within SaaS embedded payments is not yet massive, we remain bullish that a wave of adoption is coming, given the clear upsides of the technology.

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