

July 2020

Optimizing Merchant Payment Acceptance *(an illustration of our approach)*

Read the full article:

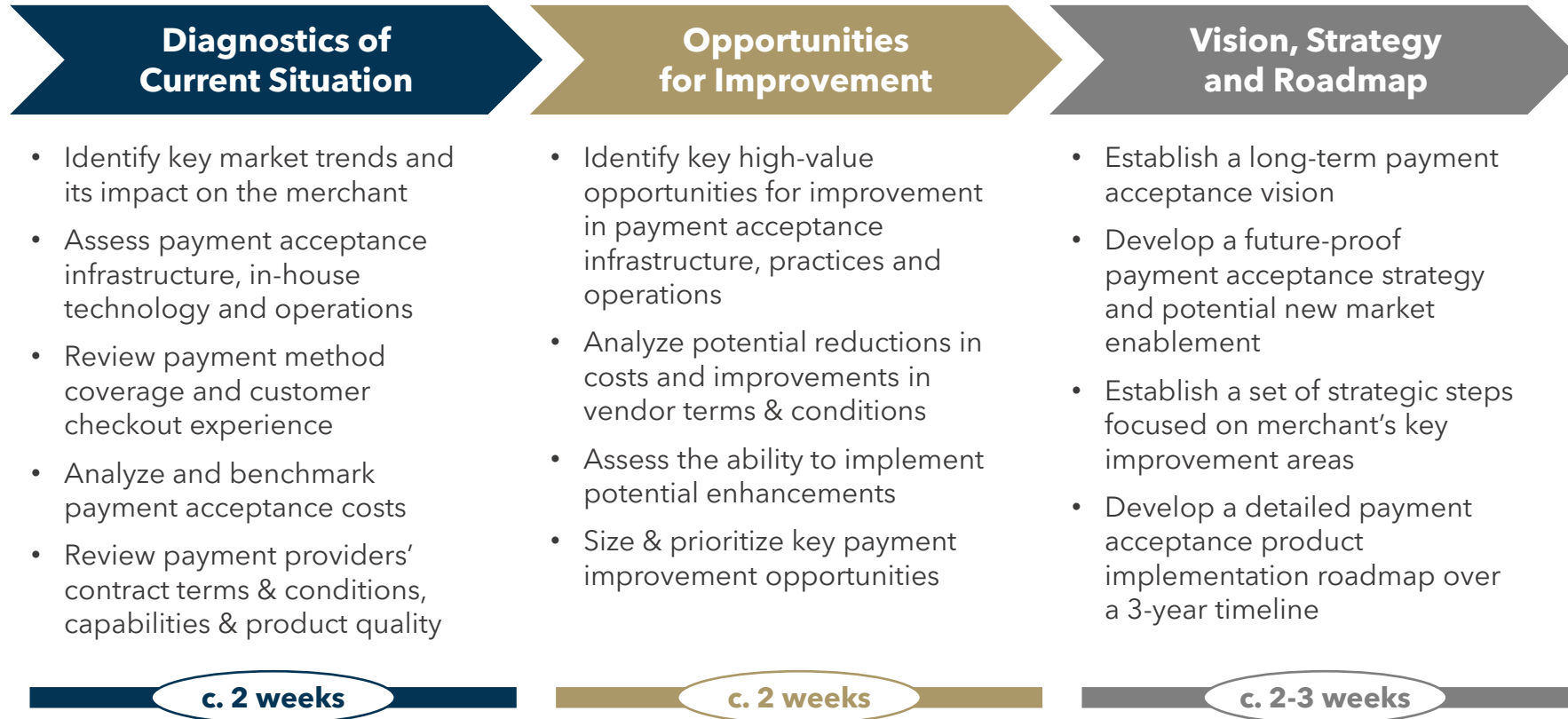
["Optimizing Payment Acceptance Requires a Sound Strategy"](#)

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Flagship Advisory Partners helps our merchant clients to develop acceptance strategies to optimize value creation from payments.

Our Approach to Merchant’s Payment Acceptance Strategy Development

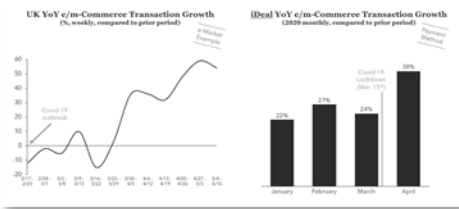


We support our merchant clients with a unique breadth of payment acceptance expertise, beginning with a diagnostic of the current situation.

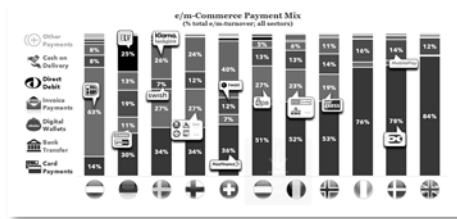
Illustrative Examples

Merchant's Payment Acceptance Strategy: Diagnostic Illustration*

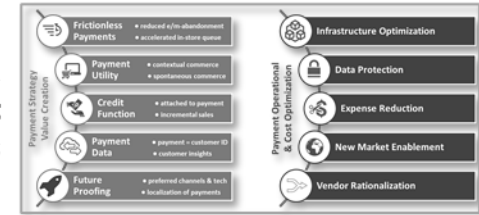
Market Trends & Impact Analysis



Payment Method Coverage vs Demand



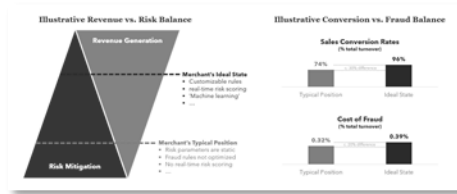
Market & Peer Best Practices



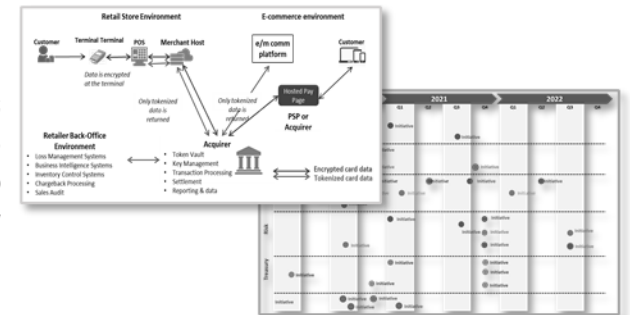
Customer Checkout Experience Review



Fraud & Conversion Performance & Balance



Payments Infrastructure & Roadmap Review



Vendor Capability Assessment

Product/Technology	merqant	1st Data	adigen	worldpay	axway
UK Card Scheme Coverage	●	●	●	●	●
Alternative Payments (Collecting)	●	●	●	●	●
Subsidiary Account Connectivity	●	●	●	●	●
Multi-currency (settlement, etc.)	●	●	●	●	●
Complex Payments	●	●	●	●	●
Factor Integration/Specialisation	●	●	●	●	●
Compliance Optimisation & Analytics	●	●	●	●	●
Easy Reconciliation	●	●	●	●	●
Service Automation	●	●	●	●	●
Information & Card Vault	●	●	●	●	●
ISO 20022 Card Reconciliation	●	●	●	●	●
Mobile & app	●	●	●	●	●
Fraud Management	●	●	●	●	●
e-Commerce Platform Integrations	●	●	●	●	●
OVERALL TECH CAPABILITIES	●	●	●	●	●

Vendor Cost Benchmarking



Vendor Contract Terms Review

Term / Metric	Vendor 1	Vendor 2	Best Practice
Initial Term	24 months	36 months	> 36 months
Renewal Date	Initial term of 2 years	Auto-renewed every year	Initial term of 2 years
Termination	Auto-renewed every year	Not negotiated every 3 years	Annual auto-renewal in common
Conditions	Ability to terminate with 30 days notice	Ability to terminate without cause with 60 days notice	3 month notice in typical
Early Termination Fee	Yes, EUR 10,000 per month	None	None, good initial term
Revenue Account	None	None	None
Exclusivity	Not exclusive	Not exclusive	Not exclusive
Processing Min.	None	None	None
Liability Limitation	Limited to 2x monthly of fees	Limited to max. EUR 10,000	Limited to 12 monthly of fees
Data Security	Covered in the contract	Covered in the contract	Comply data breach & PCI DSS
Intellectual Property	Retained by service provider	Retained by service provider	Retained by service provider
Service Level Agreements	Target uptime of 99.9% and access to support help desk	None	99.9% SLA of large merchants have SLAs included in contract

We then work with our clients to identify and prioritize tangible opportunities to drive performance improvement.

Illustrative high-level example*

Merchant's Payment Acceptance Strategy: Opportunities for Improvement Illustration*

1 Identify the Opportunity*

Country	Client	Peer Group
UK	~0.40%	~0.33%
FR	~0.37%	~0.29%
DE	~0.46%	~0.39%

2 Size the Prize*

Country	Turnover	Fees
UK	~0.33%	~0.40%
FR	~0.33%	~0.43%
DE	~0.39%	~0.46%

3 Assess ability to Execute

For example:

- Geo expansion plans for the core business
- State of readiness and availability in the IT roadmap & budget
- Vendor contract terms
- Vendor selection and implementation timelines
- Linkages and dependencies with other desired UX initiatives
- etc.

4 Prioritize Improvement

Near-term Priorities

- Payment Method Expansion
- Key vendor negotiations
- Marketplace enablement
- Expanded credentials vault

Medium-term Priorities

- Geo localization
- Fraud data, fingerprinting
- UX and conversion improv.
- Key vendor redundancy

Long-term Priorities

- Own fraud/conv. model
- Infrastructure optimization

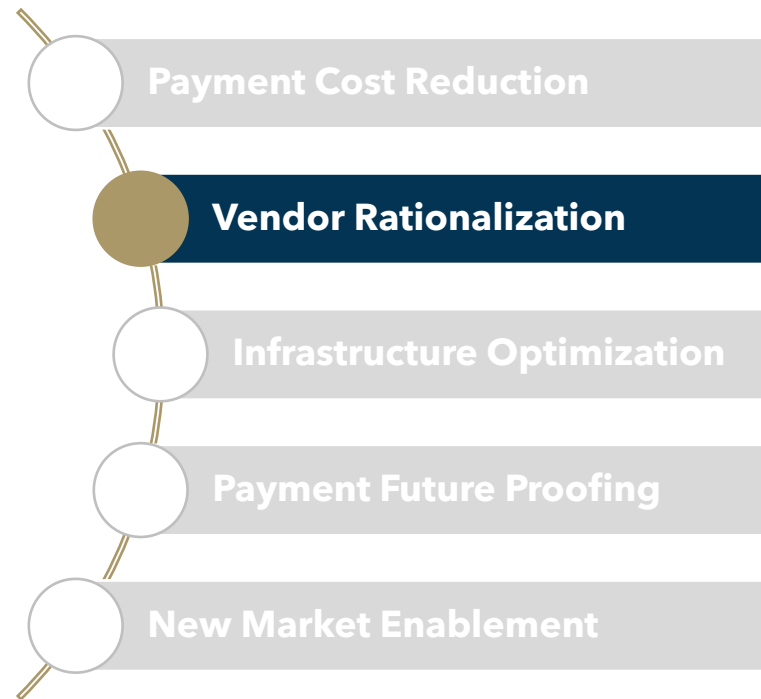
*Note that this example is merely a high-level illustration. Actual deliverables are detailed and robust.

The ultimate objective of a payment acceptance strategy is to establish a common strategic vision and implementation roadmap to drive improvement.

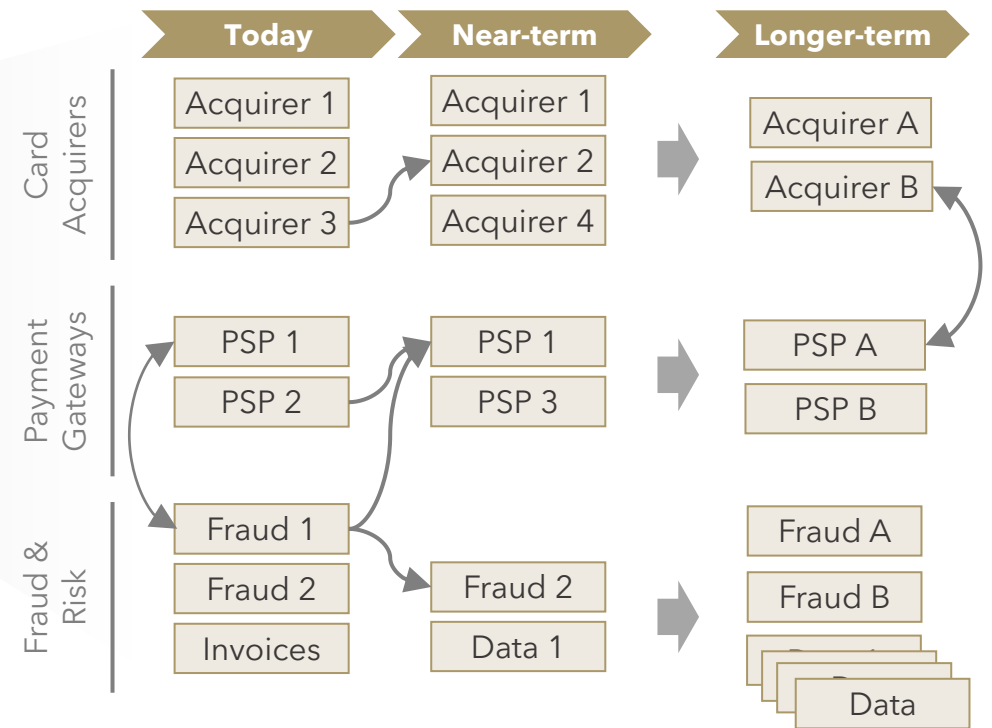
Illustrative high-level example*

Merchant's Payment Acceptance Strategy: Pillars and Initiatives Illustration*

Acceptance Optimization: Strategic Pillars



Vendor Rationalization Illustration



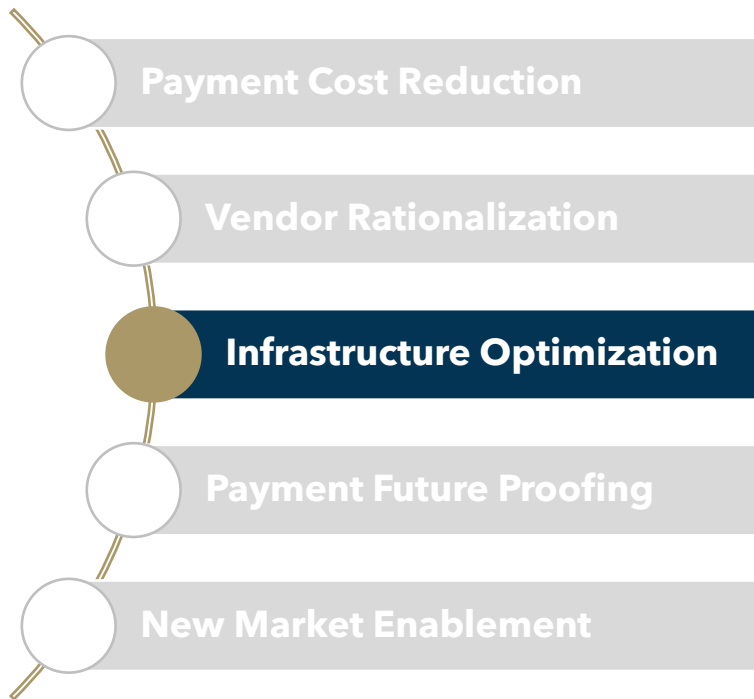
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A good strategy will drive improvements across the business (customers, financials, IT, operations, etc.).

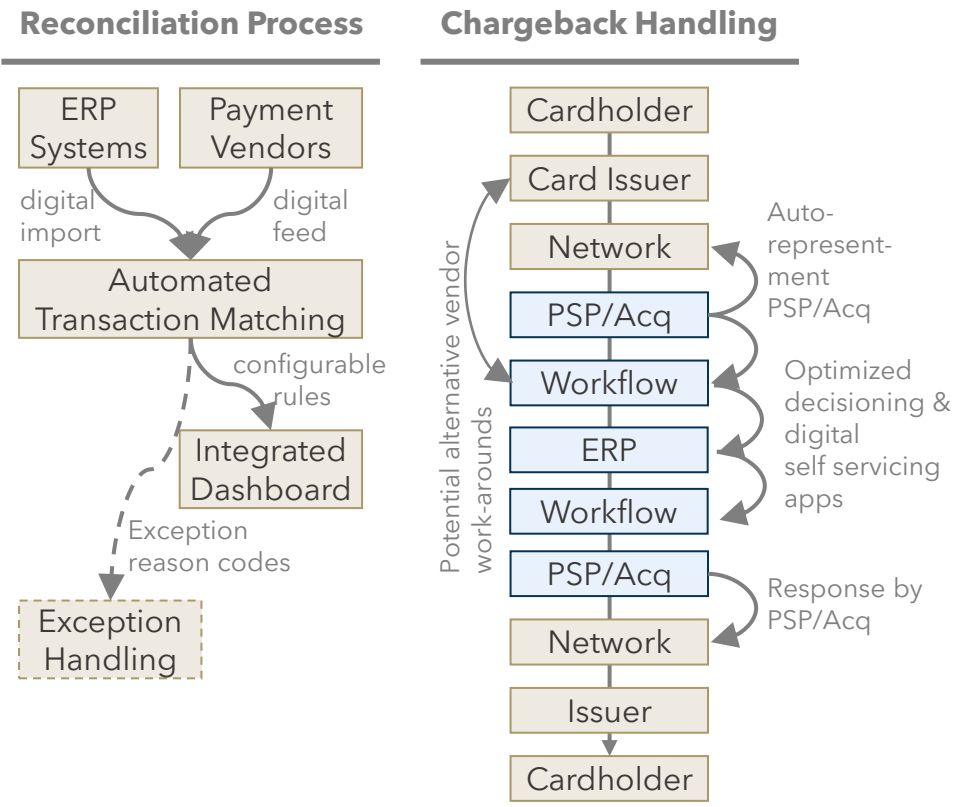
Illustrative high-level example*

Merchant's Payment Acceptance Strategy: Pillars and Initiatives Illustration*

Acceptance Optimization: Strategic Pillars



Payment Automation Illustration



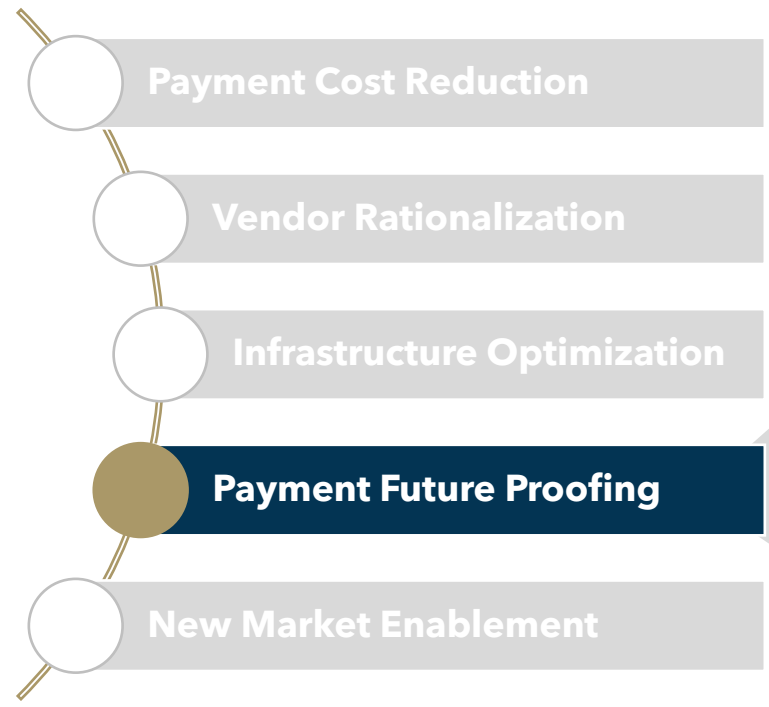
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A focus on innovation is vital to future-proof the payments platform of the business.

Illustrative high-level example*

Merchant’s Payment Acceptance Strategy: Pillars and Initiatives Illustration*

Acceptance Optimization: Strategic Pillars



Key future proofing initiatives, timing, and resourcing*

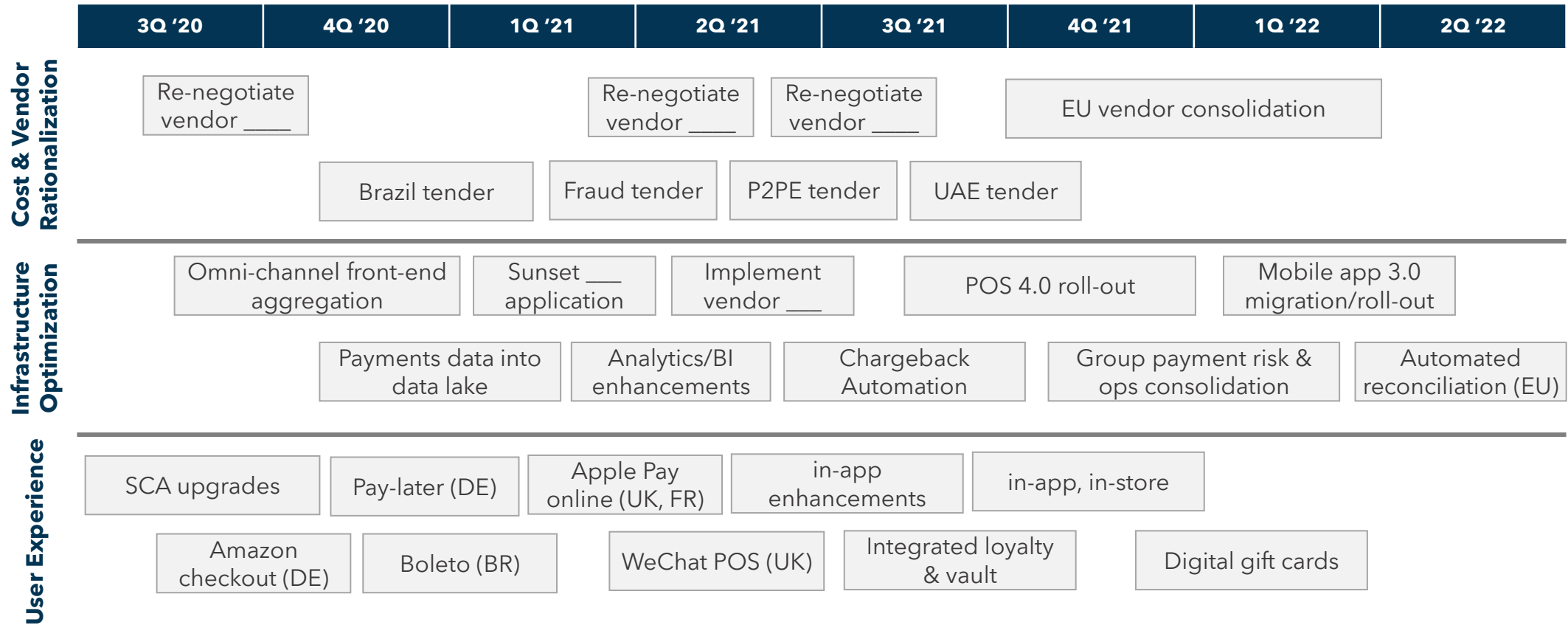
Initiative	Objectives & Milestones	Responsible	Time & Resourcing
Customer UX	<ul style="list-style-type: none"> • Vault enhancements • 50% vault penetration 	<ul style="list-style-type: none"> • Marketing • IT 	<ul style="list-style-type: none"> • 8 mo, €1.0M
Omni-channel	<ul style="list-style-type: none"> • In-store in-app offer to checkout 	<ul style="list-style-type: none"> • Store ops • Digital • IT 	<ul style="list-style-type: none"> • 6 mo, €1.2M
Fraud decisioning	<ul style="list-style-type: none"> • Expanded rules, testing, fingerprinting • Add vendor ___ • Team expansion 	<ul style="list-style-type: none"> • Risk & finance • IT 	<ul style="list-style-type: none"> • 6 mo, €1.5M • 3 mo, €0.4M • 1 mo, NA
Chargeback automation	<ul style="list-style-type: none"> • Vendor → ERP data integration • Workflow app 	<ul style="list-style-type: none"> • Risk & finance • Ops • IT 	<ul style="list-style-type: none"> • 4 mo, €0.8M • 3 mo, €1.0M
Analytics	<ul style="list-style-type: none"> • Integrate payments data into BI engine 	<ul style="list-style-type: none"> • IT • IO 	<ul style="list-style-type: none"> • 6 mo, €1.5M
Security	<ul style="list-style-type: none"> • P2PE • Vault upgrades 	<ul style="list-style-type: none"> • IT 	<ul style="list-style-type: none"> • 6 mo, €0.8M

*Note that this example is merely a high-level illustration. Actual deliverables are detailed and robust.

The entire organization should be aligned around a clear and actionable set of initiatives.

Illustrative high-level example*

Merchant’s Payment Acceptance Strategy: Summary Roadmap Illustration*



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Flagship Advisory Partners is a boutique consultancy focused on the payments and fintech marketplace.

About Flagship Advisory Partners

Clients



Financial Institutions

- Banks
- Issuers & acquirers
- Payment institutions
- Credit providers



Merchant Service Providers

- Merchant acquirers
- PSPs
- ISVs & VARs
- ISOs & distributors



Fintechs

- Neobanks
- Alt. payments
- Digital credit
- Infrastructure innovators



Technology Providers

- Processors
- Payment schemes
- Software platforms
- OEMs & integrators



Merchants and Brands

- Retailers
- Travel providers
- Digi. goods/services
- B2C/B2B firms



Financial Investors

- Private equity
- Growth capital
- Corporate boards
- Inst. investors

Services



Market Analysis

- Structure & trends
- Competitor analysis
- Benchmarking
- Opp'ty prioritization



Strategy

- Strategy design
- Opp'ty prioritization
- Detailed roadmaps
- Op. model strategy



Optimization

- Portfolio optimiz.
- Sales/mktng plans
- Ops rationalization
- Cost reduction



Vendor/Partnership Support

- Vendor selection
- Partnership formation
- Negotiation support
- Cost optimization



Project Execution

- Rollout
- Migrations
- Business support for IT delivery
- Project management



M&A Advisory

- M&A strategy
- Buy-side DD
- Sell-side VDD
- Valuation

Why Choose Flagship



Deep expertise

Unparalleled experience in payments and fintech as trusted advisors and operational executives



Unique skills

Unique combination of strategy, delivery, vendor/partnership, and M&A support



Proven track record

Our Partners have successfully served 100+ clients and led payments businesses



Personal commitment

Our Partners personally design unique solutions with the highest level of quality and responsiveness

Leadership Team



Joel Van Arsdale 23 years in payments

- Global thought leader on digital payments
- Trusted M&A advisor
- Unique insights on value creation in payments & fintech



Erik Howell 20 years in payments

- Unique experience as both executive and advisor
- Head of Transactional Banking at Moneta
- Advised 100+ clients at First Annapolis & Accenture

Supported by a team of consultants with subject matter expertise in payments and fintech and a proven track record of successful client delivery

Thank You

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