



New Research Shows How ISVs are Staying Competitive in an Evolving Market

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The ISV Market is Growing

The ISV market is expected to exhibit a compound annual growth rate (CAGR) of 14.1% from 2022 – 2030.

Market experts speculate this is due to the rapid adoption of advanced technologies such as integrated payment solutions, customer service tools, and business intelligence.

The acceleration of the ISV market means more players are entering every day, increasing competition.



ISV market experts are projecting **14.1%** CAGR from 2022 – 2030.

ISV market experts are projecting growth from 114 Million in 2022 to 287 Million in 2030.

There are currently 200,000 ISVs – this will grow to +/- 1M in next decade.



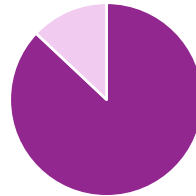
A Detailed Look at Market Forces

Some key external market dynamics are driving these changes:

- Increased Competition
- The inability to efficiently merge solutions with clients' other ISV partners
- Onboarding complications
- Shift from single B2B focus to B2B2C model
- Aligning solution to new ICP of marketing executive
- Constantly evolving customer expectations



The majority (52%) report their processes for onboarding are at least half manual



The vast majority (87%) at least sometimes experience challenges merging their solutions with solutions from other ISVs that their clients have partnered with, and more than half (52%) says this happens often or all the time.

A Moving Target: Modern Client Expectations

Compounding the challenge of increased competition is the fact that clients today have more nuanced expectations than in the past.

Our research shows that today's customers are:

- Increasingly demanding advanced technology
- Expecting built-in automation within platforms, specifically payments
- Expanding their interest in cloud-based solutions

Increased demands of advanced technology

48%

Expectations of automation within solutions

45%

Expanded interest in cloud-based solutions

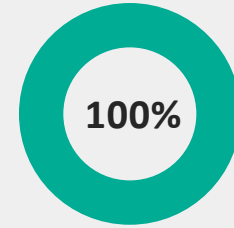
40%

ISV Customers Are Adding More Partners

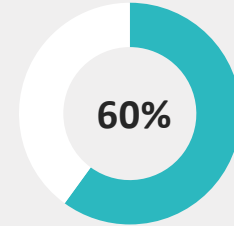
Increased competition has driven customer interest in adopting multiple ISV solutions.

- All ISVs (100%) say their clients are using solutions from other ISVs
- 3 in 5 ISVs are very or extremely concerned their clients will continue to add more ISV partners

ISVs now feel a need to add value to their services to gain a larger market share and slow down their clients' adoption of other service providers.

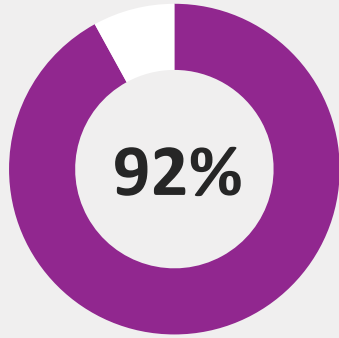


All ISVs (100%) say their clients are also using solutions from other ISVs

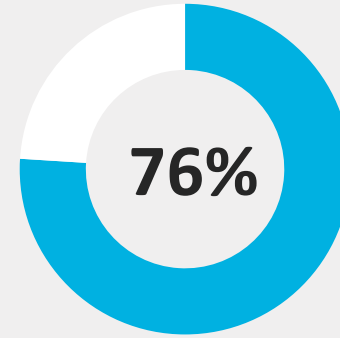


3 in 5 are very or extremely concerned their clients will continue to partner with additional ISVs

The Evolving Market is Forcing ISVs to Change



As a result, nearly all ISVs have been forced to shift their business model in the past 2 years.



And, 76% of retail CEOs think their business will not be the same in 5 years from now.

How ISVs are Adapting

ISV leaders have identified several areas of emphasis that they are targeting to gain market share:

- Easier ways to create targeted customer marketing efforts (47%)
- Omnichannel solutions to blend digital and physical spaces (46%)
- Automated, integrated payments (46%)



A Closer Look: Targeted Customer Marketing

- ISVs understand that the modern customer expects personalized marketing efforts. Long gone are the days of one-size-fits-all offers.
- ISVs want access to better sources of customer data for targeting and personalizing marketing efforts to increase customer loyalty and retention.
- The growing use of automation is changing the customer experience and ISVs are facing pressure to innovate to deliver a higher level of engagement.



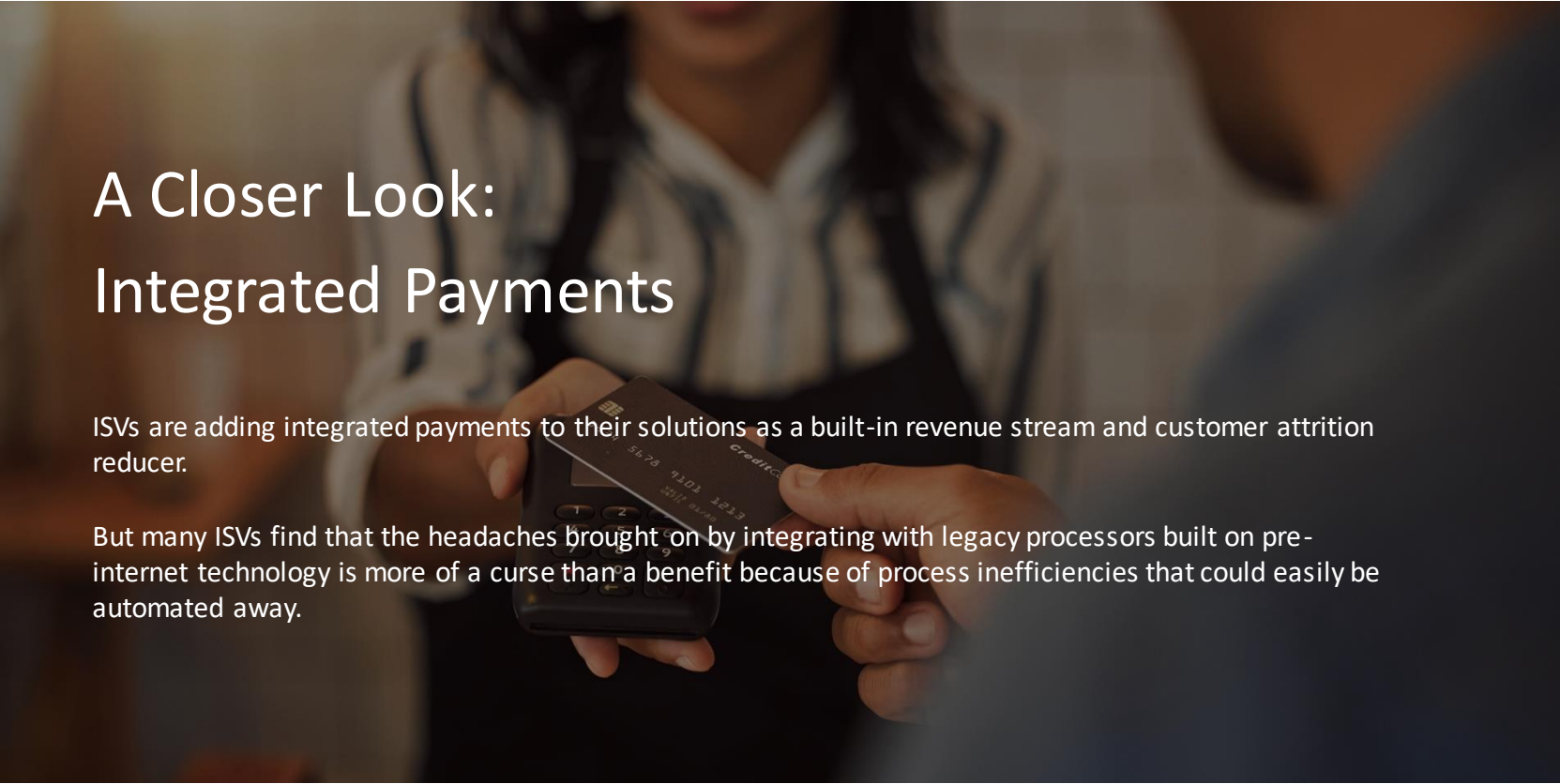


A Closer Look: Omnichannel Solutions

Although eCommerce purchases have increased since 2020, 86% of purchases are still made in brick-and-mortar locations.

ISV leaders are looking for solutions that are designed for both digital and physical spaces. Preferably solutions that can gather a consistent stream of 1st-party data and can seamlessly handle all payment settings.

The biggest challenge here is that physical environments create a significant blind spot because of an inability to consistently gathering and access customer data.



A Closer Look: Integrated Payments

ISVs are adding integrated payments to their solutions as a built-in revenue stream and customer attrition reducer.

But many ISVs find that the headaches brought on by integrating with legacy processors built on pre-internet technology is more of a curse than a benefit because of process inefficiencies that could easily be automated away.

A hand is shown holding a credit card, positioned over a payment terminal. The background is blurred, showing a wooden counter and the terminal's keypad. The overall scene is brightly lit, suggesting a modern retail or service environment.

Pay*i*Q

PROCESSING INNOVATION

Integrated payments for the modern ISV

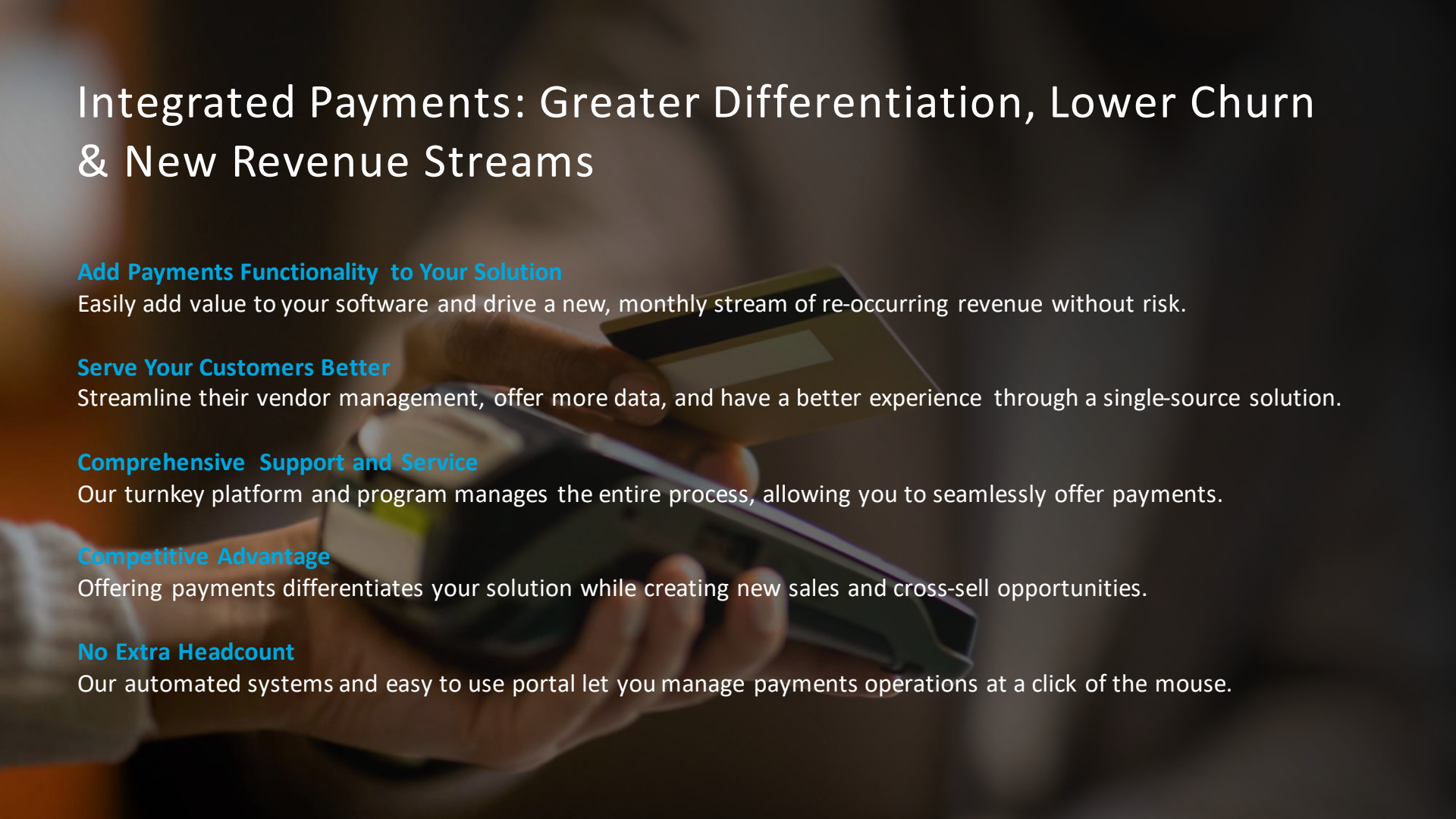
Pay*i*Q

PROCESSING INNOVATION

- PayiQ is a brand new full-stack payment processor.
- We're based on a cloud-enabled architecture.
- We're currently finishing certification with all the major card brands.
- We're the first new processor that VISA has certified in 6 years.
- Unlike other processing platforms that are based on pre-internet technology, our cloud architecture enables us to be secure, scalable, and faster than traditional platforms.
- Most importantly, our architecture enables us to innovate in ways that other processors simply can't and this allows us to solve age old industry problems for resellers and merchants alike.



Integrated Payments: Greater Differentiation, Lower Churn & New Revenue Streams

A hand holding a credit card over a payment terminal. The background is dark and blurred, focusing on the hand and the card.

Add Payments Functionality to Your Solution

Easily add value to your software and drive a new, monthly stream of re-occurring revenue without risk.

Serve Your Customers Better

Streamline their vendor management, offer more data, and have a better experience through a single-source solution.

Comprehensive Support and Service

Our turnkey platform and program manages the entire process, allowing you to seamlessly offer payments.

Competitive Advantage

Offering payments differentiates your solution while creating new sales and cross-sell opportunities.

No Extra Headcount

Our automated systems and easy to use portal let you manage payments operations at a click of the mouse.

Protect Your Business and Your Merchants



Automatic rule-based merchant reserve and risk management system:

Allows you to set custom parameters around each merchant to monitor risk and transactions. Allows ISOs to setup rule-based triggers and controls, right down to the individual transaction level of managed merchant reserve accounts.



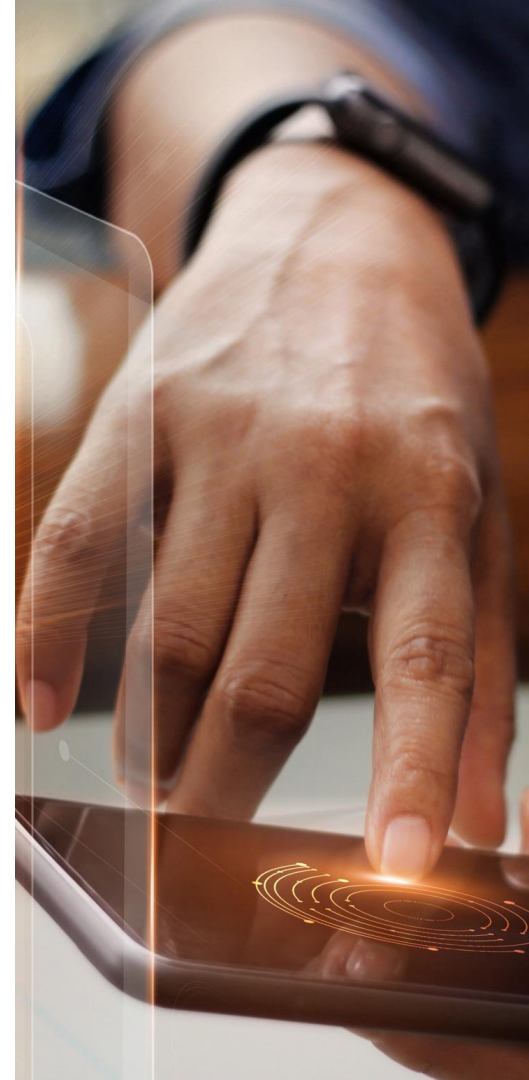
Rule based underwriting guidelines:

Our tools allow you to approval low risk merchant automatically while flagging higher risk merchant for manual reviews as well as access to multiple banks with different risk thresholds.



Automatic chargeback management:

Eliminates the burden, expense, and overhead of traditional, manual chargeback processing and management.



Extend the Value and Impact of Your Brand



Co-branded white-label ISV portal:

Our platform is designed with the ISV's branding in mind. PayiQ gives you the tools all in one place with no need for 3rd party solutions all promoting your brand. Build your brand on your statements, application, portals and marketing.



Simple, flexible pricing:

Adjust your pricing easily and quickly in real time through our browser-based tool. Set standard rack-rate pricing for merchant categories that can be easily altered/extended for special cases.



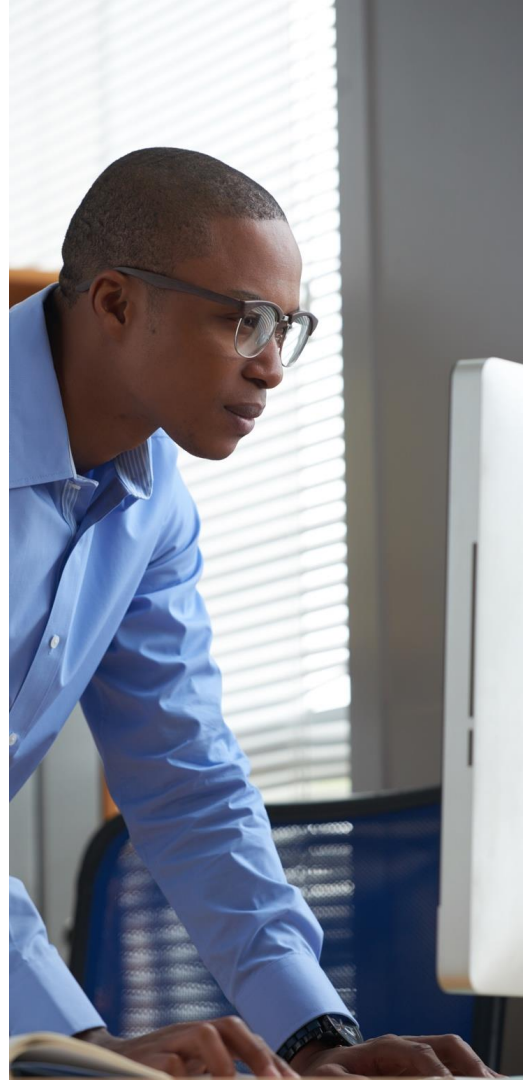
Merchant statement:

We offer several merchant statement layouts to give some flexibility on what you want your merchant to see.



Late next-day funding cutoff:

PayiQ's late next-day funding allows businesses to receive deposits from their transactions the very next business day. You have the option to choose which merchants are approved for next day funding based on risk thresholds.



PayiQ ISV Portal | Managing Transactions

Settlements and ACH



Drill into settlements and ACH from one unified interface

Transaction Summary



Unified view of data from every transaction in every channel

Transaction Status



View and manage status for every transaction

Tender Type



Filter by payment method across cards and ACH transactions

Order ID	Description	Location	Date	Amount	Risk Q	Payment Type	Status
VH5150	Lorum Ipsum	001	09/23/2020 12:30:01 PM PST	\$32.35	12	ACH	New
OUH1982	Fusce vehi.	001	09/23/2020 12:27:22 PM PST	\$33.45	28	Multiples	Completed
VH1984	Curabitur.	001	09/23/2020 12:22:24 PM PST	\$246.63	94	Visa	Completed
RAC28	Mauris non.	001	09/23/2020 12:15:01 PM PST	\$47.48	73	AMEX	Pending
DCA2D	Curabitur.	001	09/23/2020 12:14:22 PM PST	\$56.93	62	Discover	Completed
CED.4G	Nam dapibu.	001	09/23/2020 12:13:42 PM PST	\$77.21	9	Visa	Partially Completed
VH82F	Curabitur.	001	09/23/2020 12:10:22 PM PST	\$32.35	88	ACH	New
DCA2D	In hac hab.	001	09/23/2020 12:08:42 PM PST	\$33.45	96	Debit	Completed
EBC.2A	In hac hab.	001	09/23/2020 12:02:11 PM PST	\$23.22	66	Cash	Voided
RAC28	In hac hab.	001	09/23/2020 11:56:19 PM PST	\$47.48	51	AMEX	Pending
DCA2D	Cras quis.	001	09/23/2020 11:56:01 PM PST	\$56.93	24	Discover	Completed
CED.4G	Lorem ipsu.	001	09/23/2020 11:55:22 PM PST	\$77.21	31	Visa	Partially Completed



Locations

Filter orders and transactions across all merchant locations

A single view of all your merchant data and operations allows you to manage transactions with a new level of visibility and control.

New Value Add: Targeted Customer Marketing with Payments Intelligence[®]

Convert Everyday Payments into Net New Insights

Every time a customer swipes their card, you get an infusion of insights.

Generate Customer Profiles Based on a Single Source of Data

The insights gained from payments are stored using individual customer profiles.

See All Previously Anonymous Customers

Because you get data for every swipe, customers that were previously anonymous are now part of your database.

Safely and Securely Remain Compliant with Regulations

We secure all customer insights using our proprietary tokenization protocol that encrypts all data using a one-way hash.

Require No Extra Effort from Employees

Our data is automatically captured at the point-of-sale, so there's no need for loyalty sign ups or sales pitches.

Summary

- Increased competition in addition to a multitude of other economic shifts have forced ISVs to significantly change their business models in the last few years. And it looks like even more big changes are on the horizon.
- These shifts signal an ever-moving target of customer expectations. The modern ISV customer wants B2B2C solutions that improve targeted marketing capabilities, utilize the latest technology, and are built on the cloud.
- Many ISVs have turned to payments as a way to differentiate their service. The problem is, the most common legacy payment providers are offering outdated and technically confusing services.
- Cloud-based payments offer an entirely new level of flexibility, security, data access, and scalability
- Additionally, a payment processor built on cloud technology can leverage data flows to provide targeted and personalized marketing experiences.
- Businesses who want to meet customer needs at every level will need to find a processor that leverages automated systems, is built on the cloud, and offers some kind of targeted marketing functionality.



PayiQ transforms everyday payments data into seamless customer engagement for brick-and-mortar merchants.

Thank you.

For more information visit us at www.pay-iq.com