



TSG Case Study: Payment Monetization

Revenue Driven Payments

This collection of case studies demonstrates The Strawhecker Group's payments monetization process. Using this methodology, the following three companies realized increased annual revenues of up to \$10M.

Revenue Driven Payments

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THE COMPANY: CASE STUDY #1

An independent software vendor (ISV) processed billions of dollars through its solution every year and wanted to drive revenue in payments. The company, which had no experience in payment processing, wanted to provide an integrated payment solution that would provide a seamless customer experience, increase tenure, and provide additional revenue opportunities.

THE PROCESS

Educate – TSG provided detailed information to the key stakeholders including the Board of Directors, Executive Management, Product team and Technology Group.

Discovery – TSG reviewed the solution, the technology, market, and strategy to begin the development of an integrated solution.

Assess – TSG evaluated the offering from payment providers regarding all aspects of the partnerships including partnership structure, sales support, customer service, technology offering, and value.

Implement – TSG provided onsite support to enable the client to implement this solution immediately while they were building out a team to support this initiative.

Operate – TSG provided ongoing strategic and tactical support of the client to assist in driving revenue through pricing, sales operations, technology infrastructure enhancements, and seamless product integration.



What was the outcome?

Recurring revenue in excess of \$10 million

This ISV is reaping the financial benefits though payment processing and through increased adoption and tenure of its existing clients. Utilizing TSG's full suite of consulting services, this initiative was producing revenue in less than 12 months from the inception to the execution.

TSG IS AN INDEPENDENT AND OBJECTIVE CONSULTANCY

Consulting is our business. TSG provides advice that is free from entanglements or incentives from third parties. We want to do what is best for clients and our client's success has allowed us to become the largest consultancy that specializes in payments

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THE COMPANY: CASE STUDY #2

A SaaS provider for the manufacturing industry was seeking to streamline their payments acceptance process and drive additional revenue. As a result of TSG's efforts, the business generated about \$200 million annually in new payment volume which had not been digitalized before.

THE PARTNERSHIP TERMS

1. The merchant acquirer gives a buy rate of 0.04% and \$0.06, per transaction
2. The SaaS company registers and launches as a payment facilitator
3. The payment facilitator business sets the price for sub-merchants and keeps 100% of the above buy rate
4. Other responsibilities taken on by the payment facilitator include:
 - Risk underwriting and all subsequent processing risk
 - Sales, boarding, education and servicing
 - Settlement to sub-merchants
5. The offer included a menu of options for allocating the above roles for additional fees



What was the outcome?

New annual revenue of nearly **\$2M** was realized between the Acquirer and the Payment Facilitator.

THE FINANCIAL TERMS

Note: The payment facilitator takes on all other costs for servicing, risk/losses, new account sales and boarding

Average Ticket	\$2,200	
Per Ticket %	0.04%	
Per Ticket \$	\$0.06	
Annual Volume	\$200,000,000	
Interchange + Assessments	2.10%	
Acquirer Revenue (USD)		Payment Facilitator Revenue
Ticket Revenue	\$80,000	(\$80,000)
Ticket Revenue	\$5,455	(\$5,455)
Interchange + Assessments	\$0	(\$4,200,000)
MDR @ 3.00%	\$0	\$6,000,000
Total (New) Annual Revenue	\$85,455	\$1,714,545

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THE COMPANY: CASE STUDY #3

A SaaS provider for the travel and recreation industry was seeking to grow and expand their payments business. As a result of TSG's efforts, the provider was able to generate more revenue through the monetization of \$900 million in additional payment volume on their platform.

THE PARTNERSHIP TERMS

1. The merchant acquirer charges \$0.0225 per payment authorization and 0.04% per settled transaction
2. The payment facilitator sets the price for sub-merchants and keeps 100% of the above buy rate
3. Other responsibilities taken on by the payment facilitator include:
 - Risk underwriting and all subsequent processing risk
 - Sales, boarding, education and servicing
 - Settlement to sub-merchants
4. The offer included a menu of options for allocating the above roles for additional fees



What was the outcome?

New annual revenue of **\$8.1M** was realized between the Acquirer and the Payment Facilitator.

THE FINANCIAL TERMS

Note: The payment facilitator takes on all other costs for servicing, risk/losses, new account sales and boarding

Average Ticket	\$860	
Per Ticket %	0.04%	
Per Ticket \$	\$0.02	
Annual Volume	\$900,000,000	
Interchange + Assessments	2.10%	
Acquirer Revenue (USD)		Payment Facilitator Revenue
Ticket Revenue	\$360,000	(\$360,000)
Ticket Revenue	\$23,547	(\$23,547)
Interchange + Assessments	\$0	(\$18,900,000)
MDR @ 3.00%	\$0	\$27,000,000
Total (New) Annual Revenue	\$383,547	\$7,716,453

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We'd love to keep in touch.

Let's chat about options and build the right consultation package for your firm:

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ABOUT TSG

The Strawhecker Group (TSG) is the largest analytics and consulting firm focused on the payments acceptance industry. TSG serves the entire payments ecosystem and has experience in working on large-scale projects for the world's biggest payment players. The firm has worked with all card networks, nine of the top ten merchant acquirers in the U.S., as well as leading private equity firms and investment banks. The firm's 50-person workforce is primarily in Omaha with satellite offices in Sacramento, Denver, and London.

For more information, please visit <https://www.TheStrawGroup.com>.

