



## Build or Buy

The Benefits and Hazards of Building  
Your Own Recurring Billing Solution



**Joshua Mathers** (LifeLock), **Jonathan Rat** (Survey Monkey),  
**Kevin Salerno** (Constant Contact), **Sunil Dixit** (Vantiv)

# Agenda (minutes)

1. Introducing Lifelock, Survey Monkey, and Constant Contact (5)
2. A quick primer on recurring billing and payments (5)
3. Startups vs. mature businesses – which one describes you? (5)
4. A buyer's guide to recurring billing services (5)
5. Building – for and against (10)
6. Buying – for and against (10)
7. Final Remarks, Q & A (15)



- \$600 Million company
- Membership-based revenue model with a domestic focus
- Leader in ID Theft protection
- Joshua Mathers – 11 year payments veteran

The image displays three separate promotional boxes for LifeLock membership plans, arranged horizontally. Each box contains the plan name, price, a note about applicable sales tax, and a red "Start Your Membership" button.

Plan	Price	Notes	Call to Action
LIFELOCK STANDARD™	\$9 <sup>99</sup> /MO	Plus Applicable Sales Tax	<a href="#">Start Your Membership</a>
LIFELOCK ADVANTAGE™	\$19 <sup>99</sup> /MO	Plus Applicable Sales Tax	<a href="#">Start Your Membership</a>
LIFELOCK ULTIMATE PLUS™	\$29 <sup>99</sup> /MO	Plus Applicable Sales Tax	<a href="#">Start Your Membership</a>



## SurveyMonkey®

- \$700 Million in equity, tens of millions of subscribers
- Free and Pro subscription model
- Leader in...you can probably guess
- Jonathan Rat – global payments product pro

<b>BASIC</b> Free	<b>SELECT</b> \$26 / month <small>Billed month-to-month</small> <a href="#">SAVE with an annual plan</a>	<b>GOLD</b> \$25 / month / user <small>Billed \$300 annually</small>	<b>PLATINUM</b> \$85 / month / user <small>Billed \$1,020 annually</small>
<a href="#">Sign Up ▶</a>	<a href="#">Sign Up ▶</a>	<a href="#">Sign Up ▶</a>	<a href="#">Sign Up ▶</a>



- \$300+ Million company
- 60 day free trial → paid subscription model
- Pioneer in SaaS-based customer engagement
- Kevin Salerno knows all, sees all in payments architecture

**Try it FREE for 60 days**  
*No risk. No credit card required.*

Get full access to all our email marketing tools, as well as live expert help & online resources.

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**EMAIL**

*Starts at*  
**\$20/mo.**

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**CALCULATE YOUR PRICE**

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**EMAIL PLUS**

**INCLUDES FREE CUSTOM TEMPLATE**

*Starts at*  
**\$45/mo.**

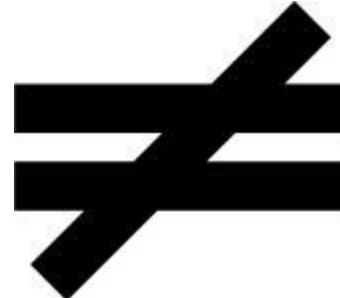
Get all the tools you need for email marketing and more, with features that go beyond email.

**CALCULATE YOUR PRICE**

[Buy Now »](#)

Check out our special plans for franchises and associations.

# Billing and Payments – Not The Same





## Customer touchpoints

- Pricing (for core and value-adds)
- Checkout
- Confirmation Page
- Customer engagement
- Customer service



## Auth and Settle

- Routing
- Reconciliation
- Risk and Compliance
- Decline recovery

# Getting It Right



\$152M Sales (2015) = \$ 1 Billion valuation

# Priorities – Startup vs. Mature

**Startup**



**Mature**

- Top-of-Funnel / Acquisition-focused
- Simple offer
- Focused market
- Low service load

- Acquisition AND Upsell
- Competition → Differentiation
- Local → Global
- Big service
- Big data

# Startup = BUY

## Your Grocery List:



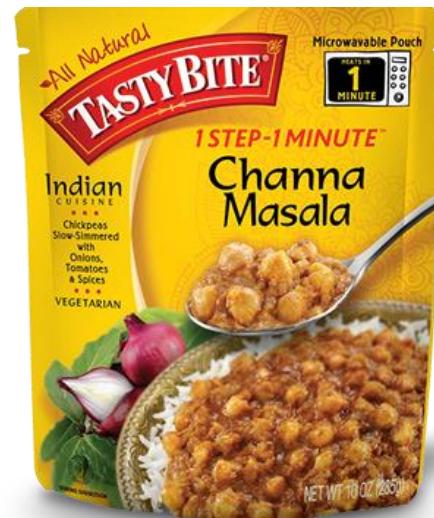
- Fast, painless, low-regression onboarding
- CRM, Tax, Marketing Automation Integration
- Flexible payment routing **or** best payment processor ever
- Set-and-forget fraud management, decline recovery

# Don't Be Cheap



NO

YES



# Recurring Billing as Payments Add-On

Braintree

vantiv®

Authorize.Net

Orbital

CyberSource®

stripe

PayPal™  
Payflow Pro

worldpay

```
stripe.Plan.create()
```

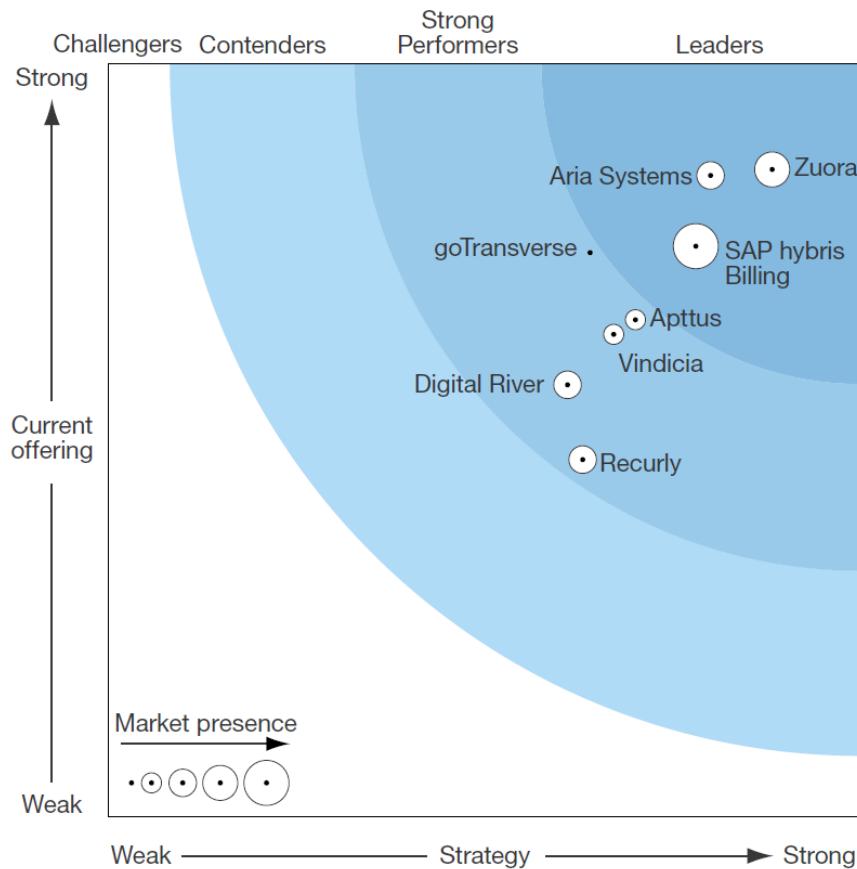
Example Request

```
import stripe
stripe.api_key = "sk_test_BQok1kJ0vB1I2HlWgH4olfQ2"

stripe.Plan.create(
    amount=5000,
    interval="month",
    name="Emerald enterprise",
    currency="usd",
    id="emerald-enterprise")
```

# Recurring Billing –Solution Providers

FIGURE 7 Forrester Wave™: Subscription Billing Platforms, Q4 '15



The Forrester Wave™:  
Subscription Billing  
Platforms, Q4 2015

The Eight Subscription Billing  
Solution Providers That Matter  
Most And How They Stack Up

FORRESTER®

# The Case For Building

## Does your company invest in infrastructure when things are going well?

- Granular control over payments optimization
- International expansion
  - Flexibility for regional payments differences
  - Personalization of checkout experience by region
  - Support for country-specific product SKUs
- Consolidating billing and payments after acquisitions

# Why Survey Monkey **BUILT**

“Buying enables faster launch but building gives **full control**.

Startups should buy and as the company grows, start building their own billing platform.”

- Jonathan Rat, Survey Monkey

# Control = Power

## Technical Optimization

- Intelligent transaction routing based on:
  - Location
  - BIN
  - Card Type
  - New payment attributes
- Chaining

## Optimized Cost per Transaction

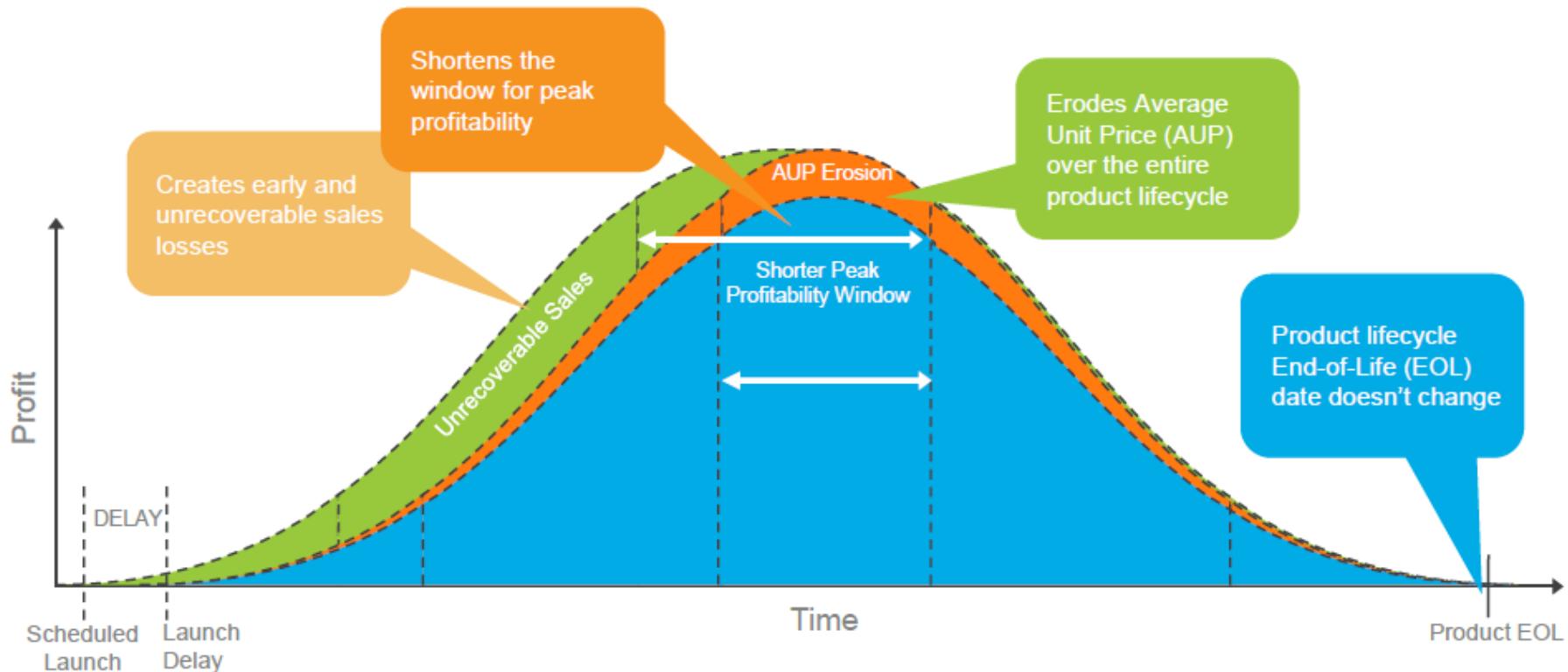
## Data Analysis



# The Case For Buying

- **Do you want to be a billing and payments company?**
- Billing doesn't require resources when building new product
- Resolution of common bottlenecks in billing and payments
- Excellent connectivity to middleware (Salesforce, SAP, etc.)
- Common gateway to multiple processors
- Top service providers are built to scale

# The Case For Buying



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# Why Constant Contact **BOUGHT**

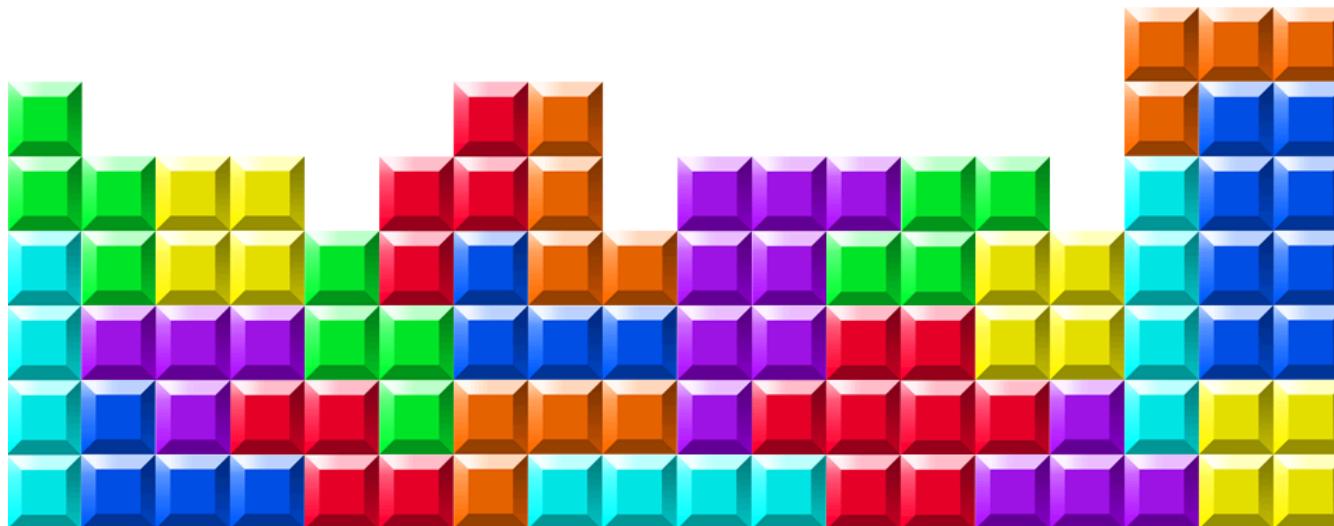
“Buying allows you to more **easily manage** partner relationships and recognize revenue.”

- Kevin Salerno, Constant Contact

# Why Constant Contact **BOUGHT**

Manage **Partner pay, Customer Self Pay, Hybrid models** and other complex payment relationships and responsibilities with **fewer resources**.

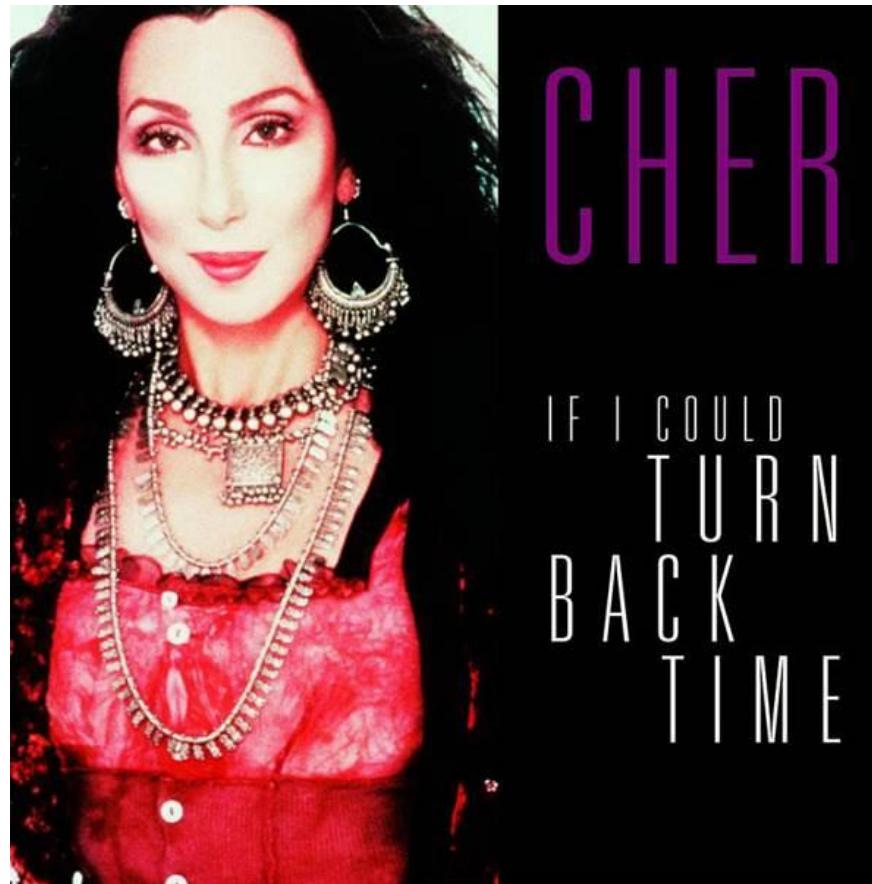
Move billing effort from **development → configuration**.



# Kevin's advice: before you buy

- **Reserve internal resources** to support/develop the integration and system going forward
- **Define the problems** you are trying to solve or pain points you are trying to overcome.
- **Be specific about use cases** you want to address to deliver the results you want.

# 20/20 Hindsight Would you build or buy?



# Questions and Answers



Josh Mathers – Lifelock (**Buy**)



Jonathan Rat – Survey Monkey (**Build**)



Kevin Salerno – Constant Contact (**Buy**)

**Joshua Mathers**  
**Compliance Manager**



**Jonathan Rat**  
**Billing and Payments Product Manager**



**Kevin Salerno**  
**Billing and Payments Architect**

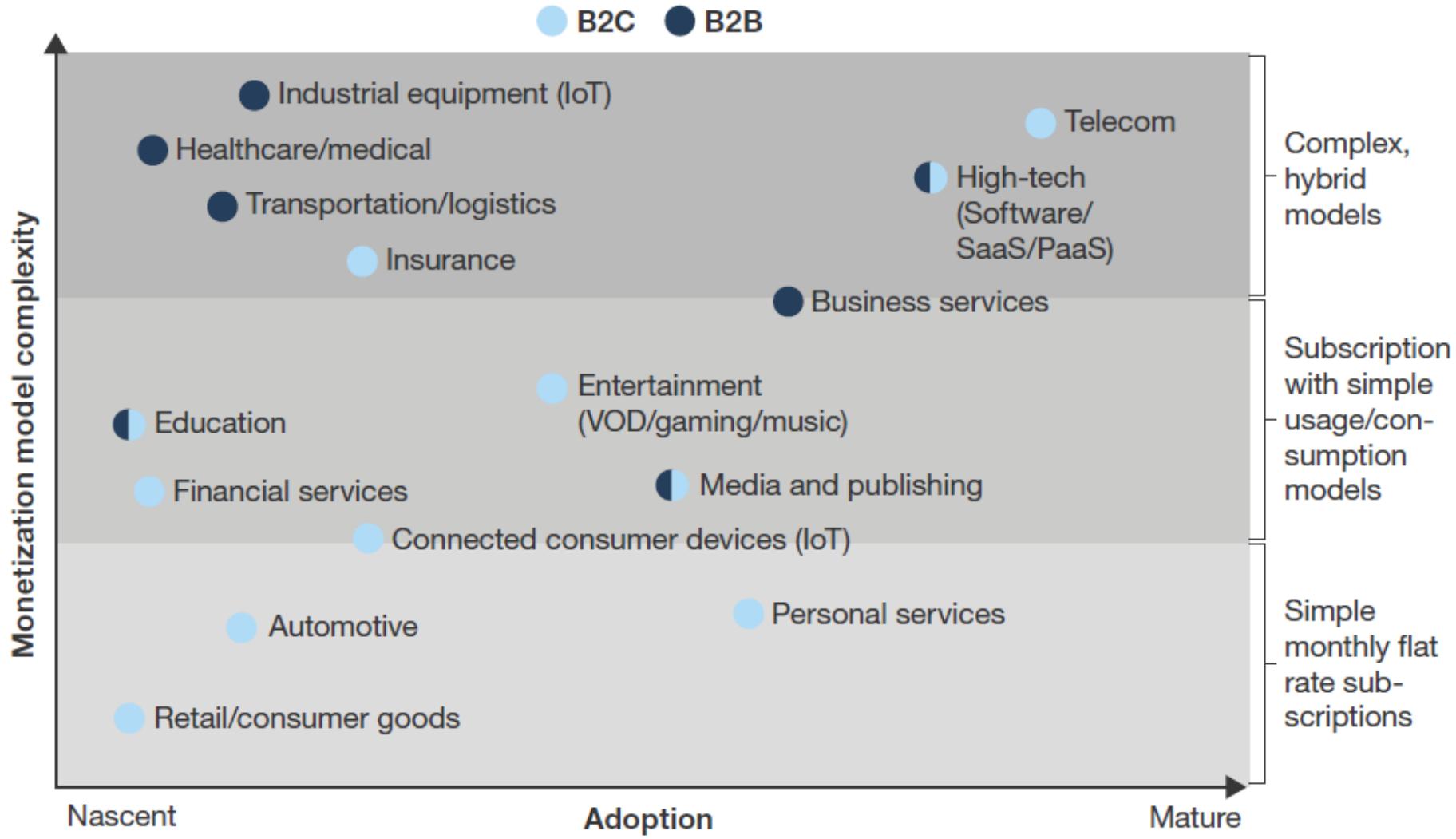


**Sunil Dixit**  
**Product Manager, Recurring Payments**

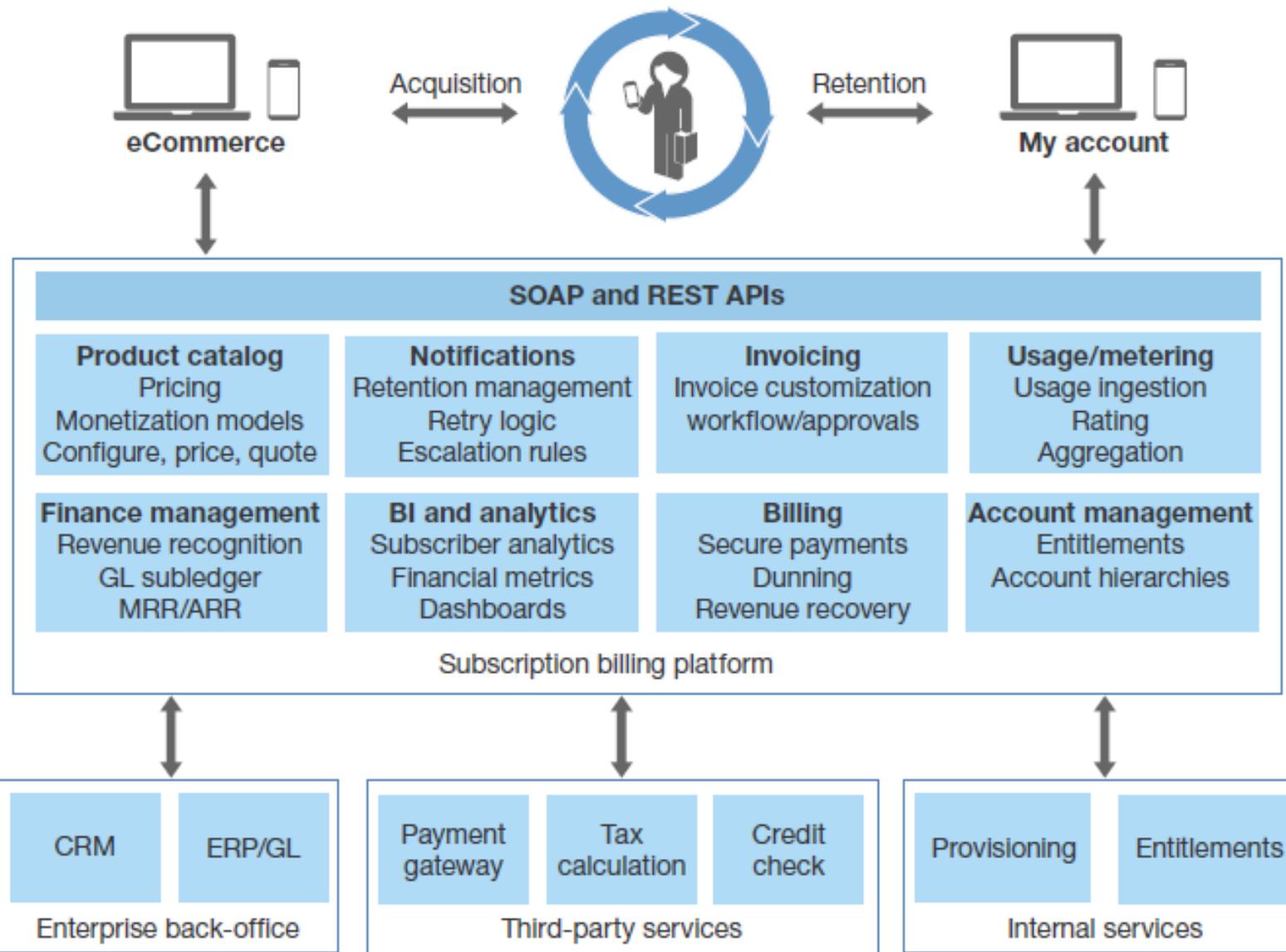


If you have any questions about the presentation, go to our LinkedIn Group (the [Payments Education Forum](#)) and request an invitation (this is a closed group specifically for the payments industry).

# APPENDIX

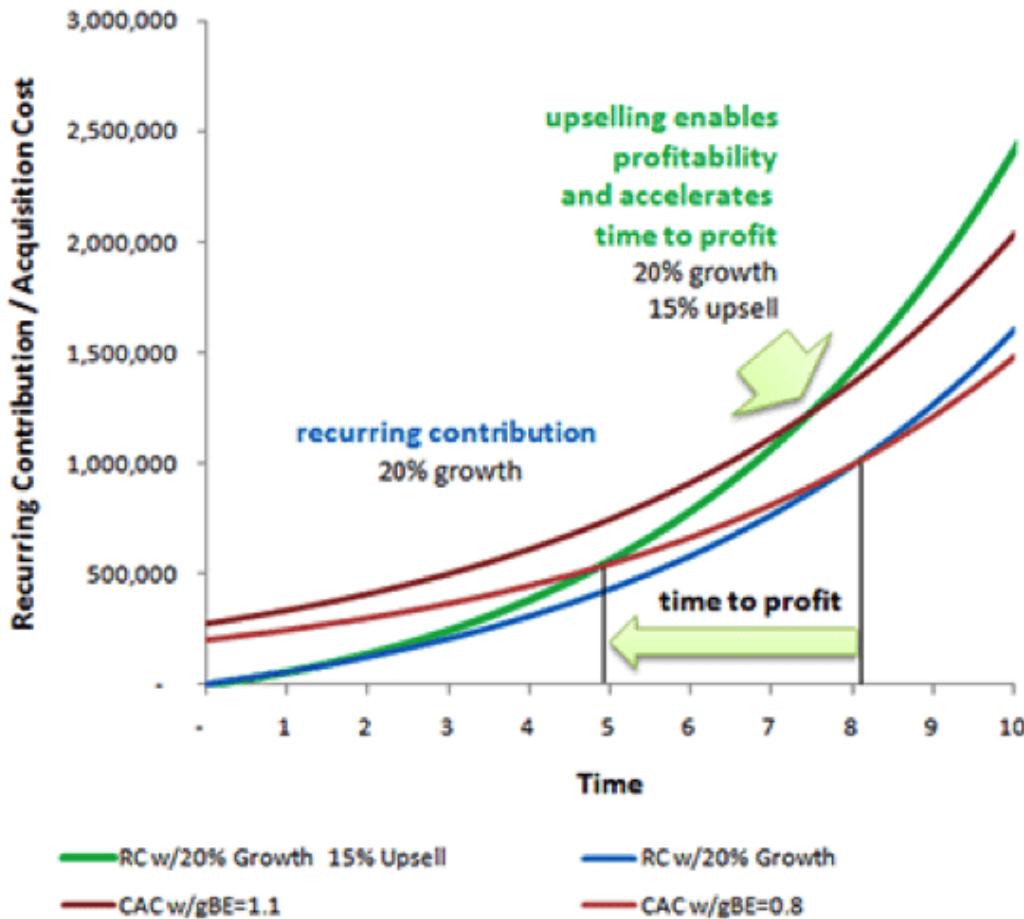


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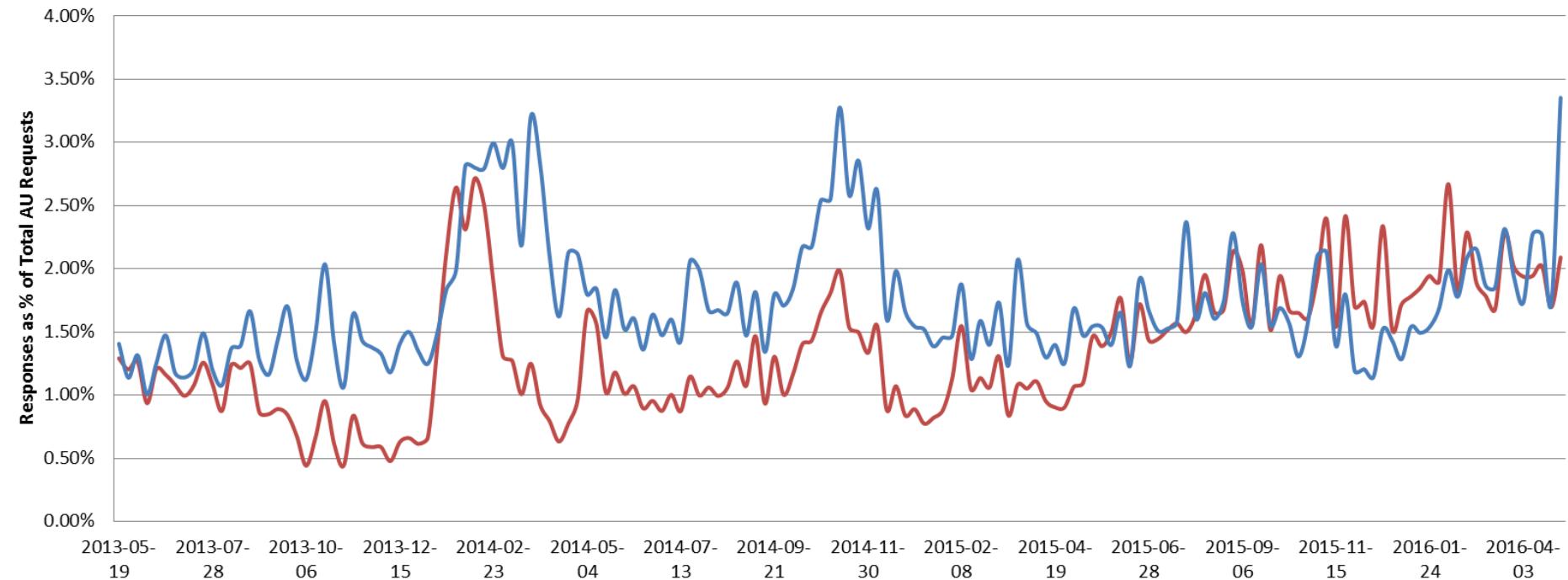
## Upselling Accelerates SaaS Profitability



<https://www.groovehq.com/attachments/support/upsells/saas-upsell-profitability.png>

## New Account Number Response Rate

DEBIT    CREDIT



Source: Vantiv data