



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

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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

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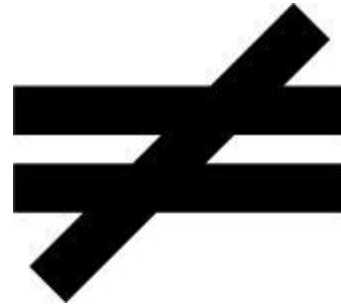


- \$300+ Million company
- 60 day free trial → paid subscription model
- Pioneer in SaaS-based customer engagement
- Kevin Salerno knows all, sees all in payments architecture

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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()
```

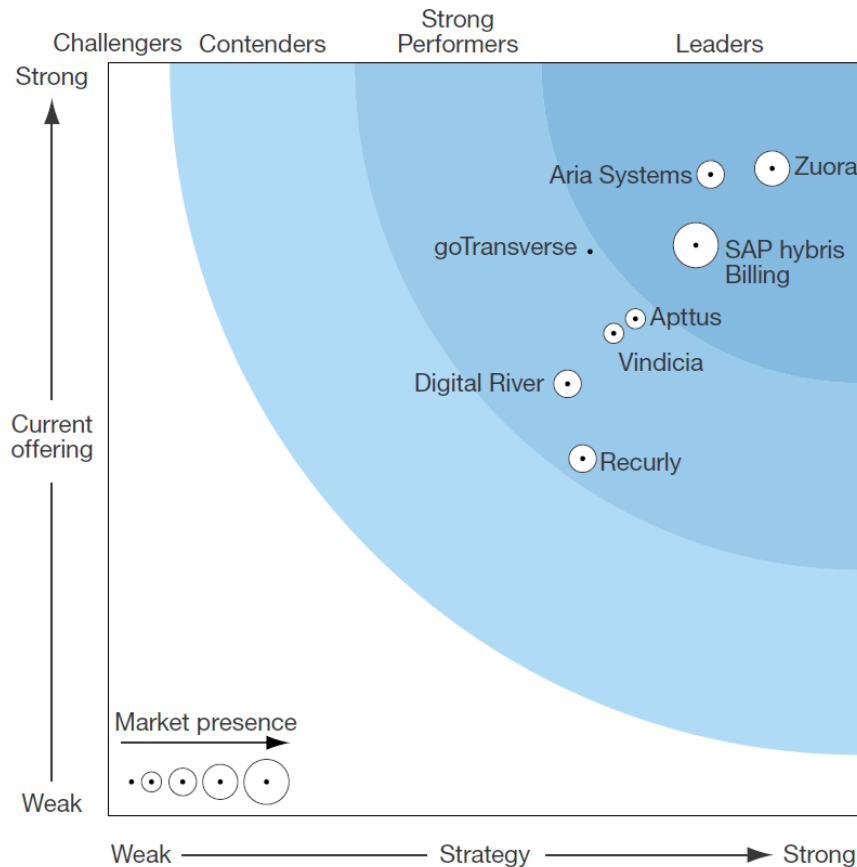
Example Request

```
import stripe
stripe.api_key = "sk_test_BQokikJOvB1I2HlWgH4oIfQ2"

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

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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

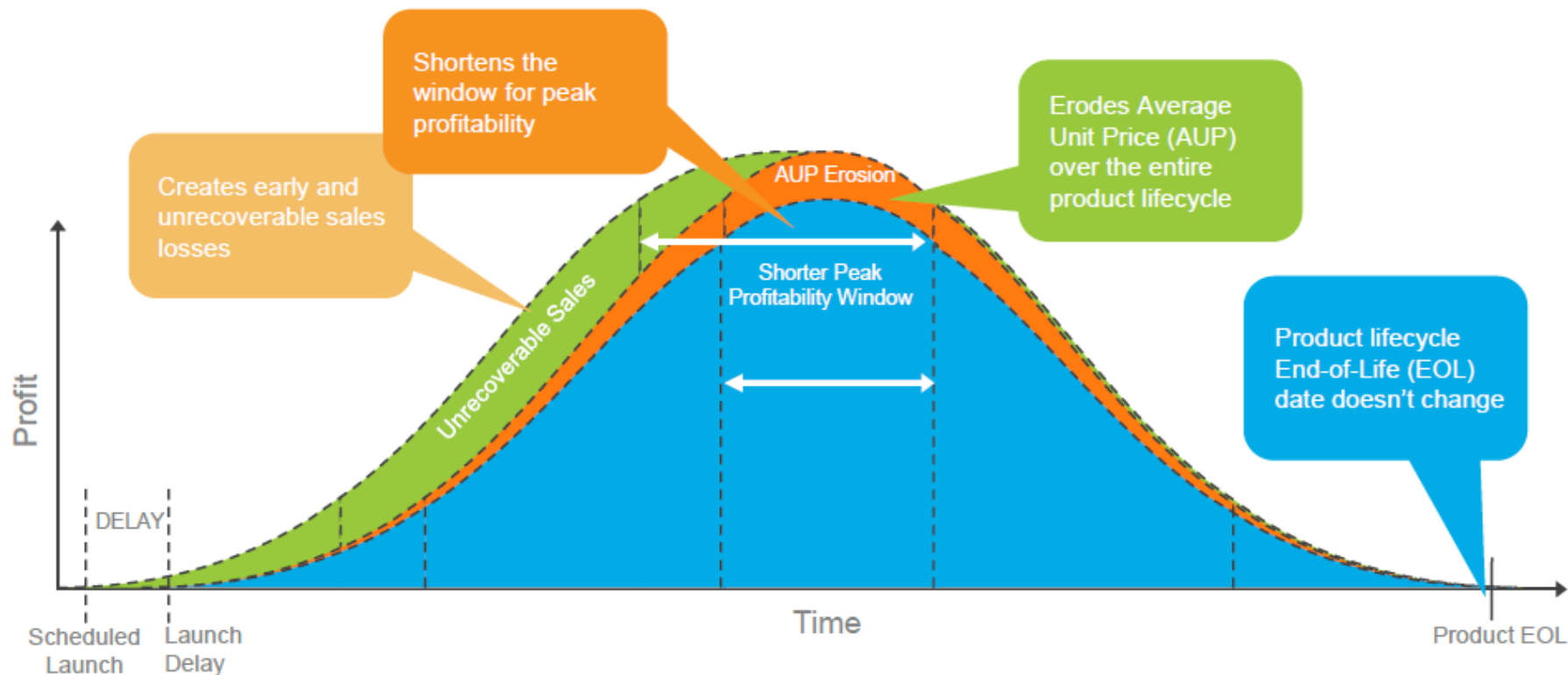
Data Analysis



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



Why Constant Contact **BOUGHT**

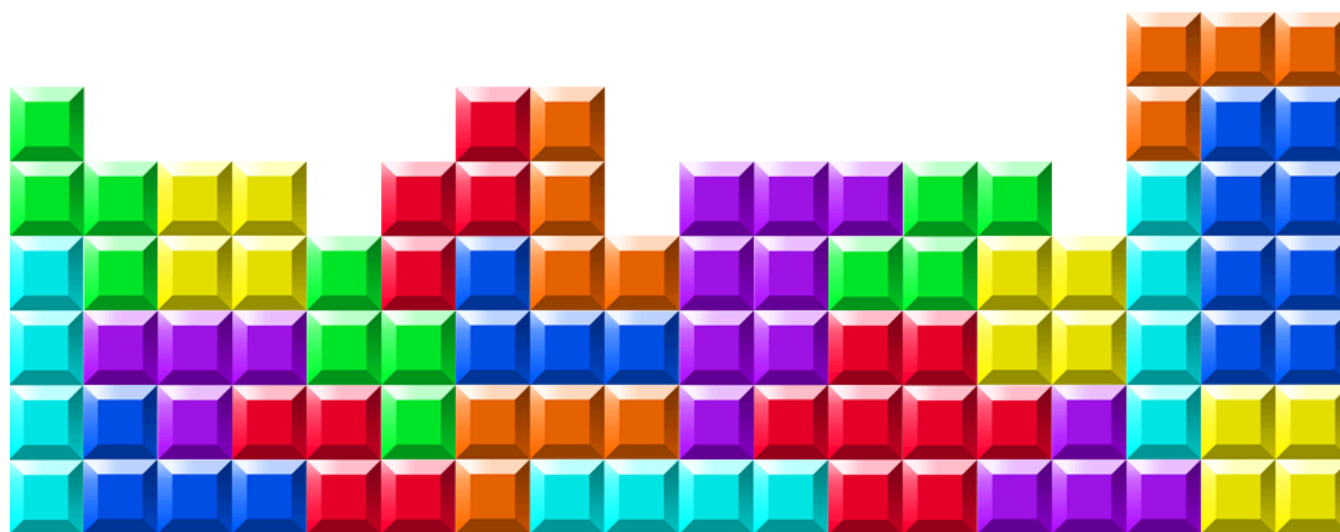
“Buying allows you to more **easily manage** partner relationships and recognize revenue.”

- 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

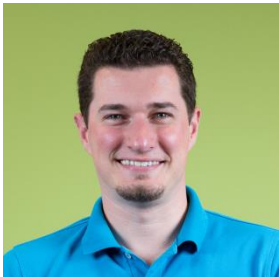
Would you build or buy?



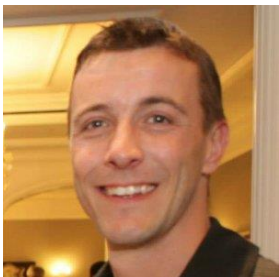
Questions and Answers



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

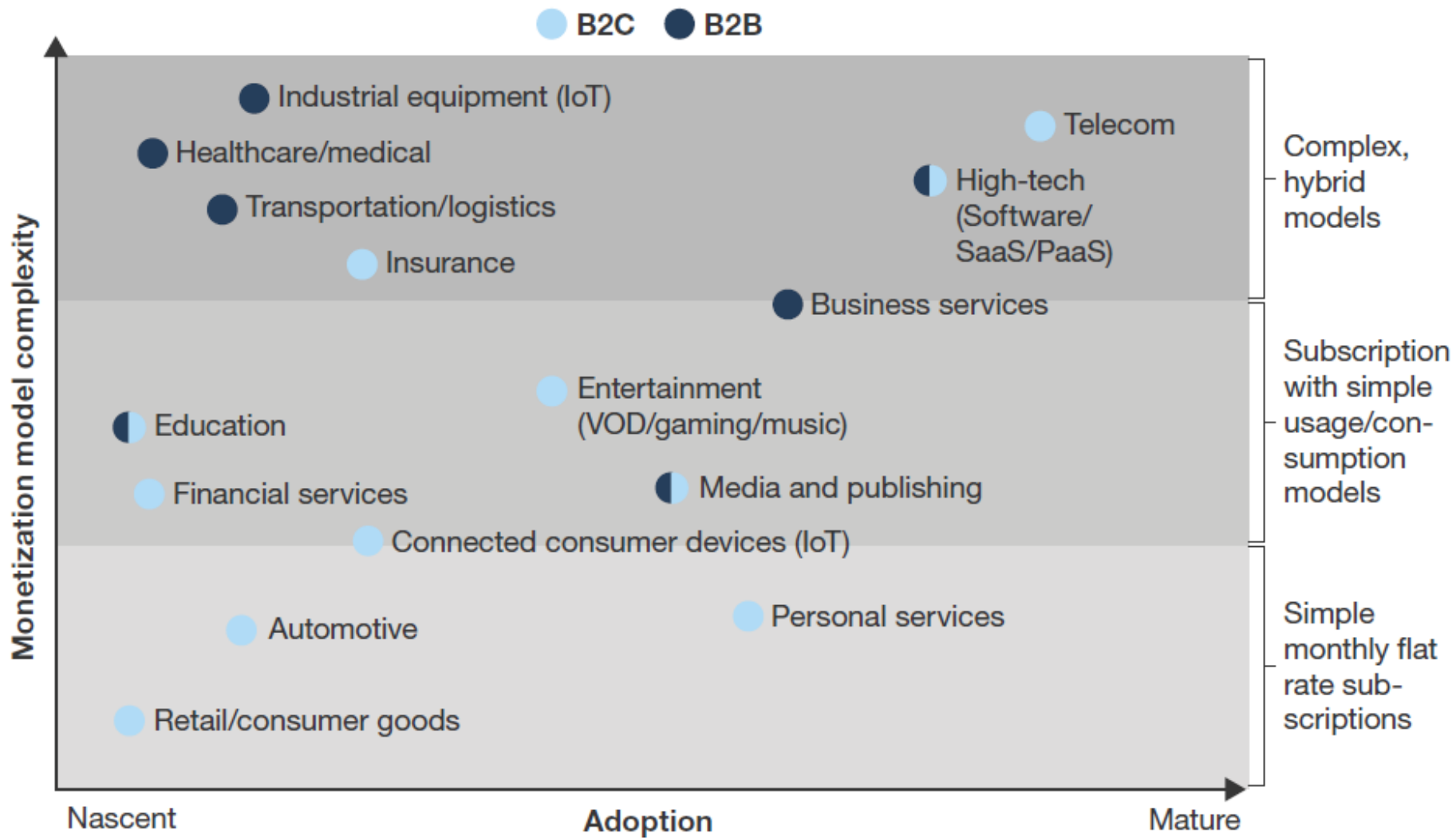


Sunil Dixit
Product Manager, Recurring Payments

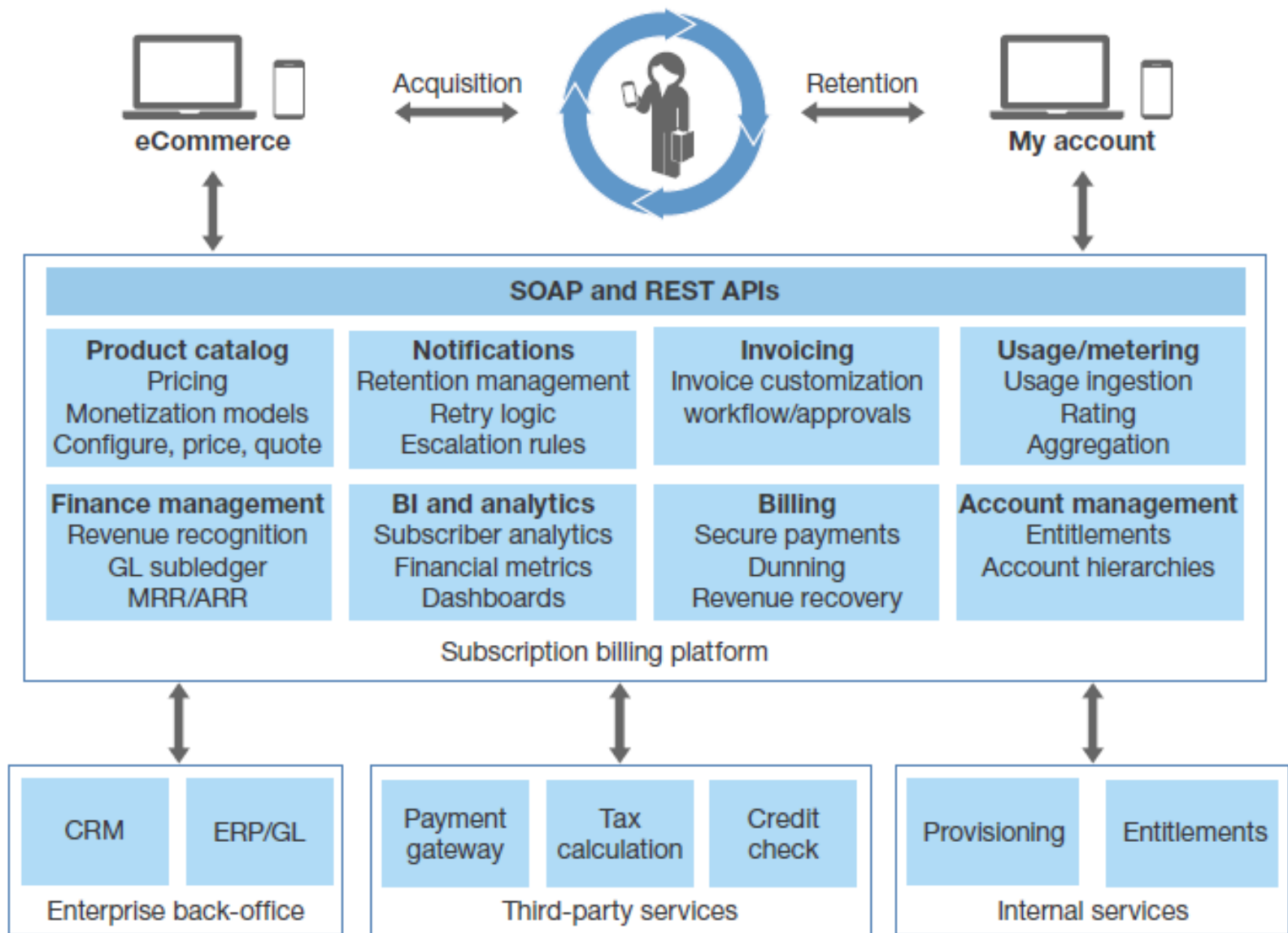


If you have any questions about the presentation, go to our LinkedIn Group (the [Payments Education Forum](#)) and request an invitation (this is a closed group specifically for the payments industry).

APPENDIX

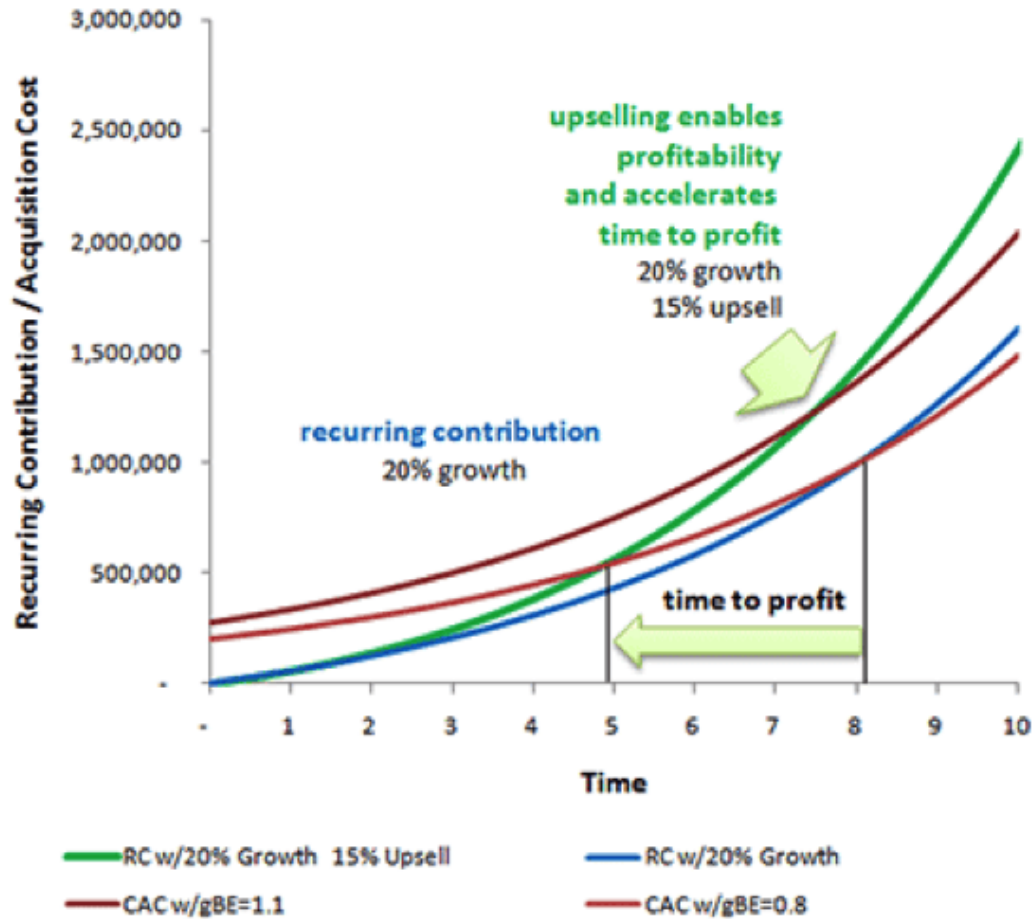


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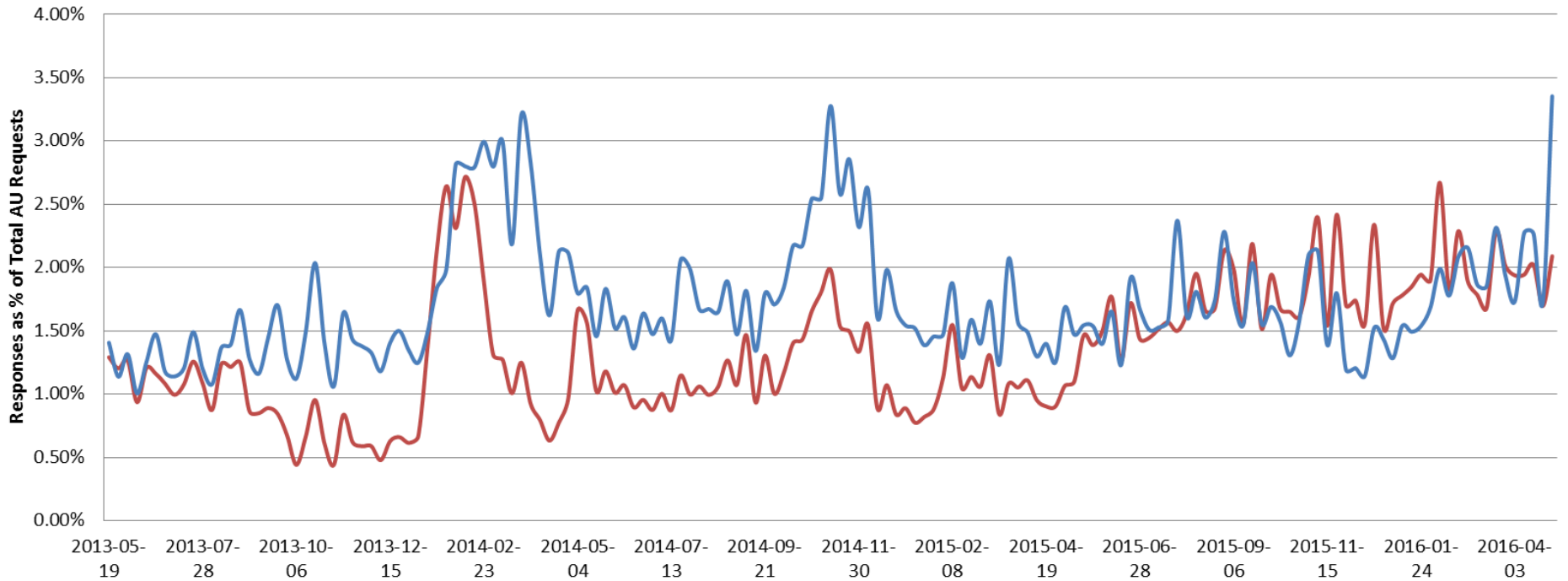
Upselling Accelerates SaaS Profitability



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

New Account Number Response Rate

— DEBIT — CREDIT



Source: Vantiv data