



Defining a Payments Vendor Strategy

Pavan Rachakonda

Payments Vendor Manager, Google

Key Takeaways

1. Set clear goals on what you want your vendor strategy to achieve
2. Partner with cross functional teams to develop a holistic vendor strategy
3. Determine your vendor mix based on country/regional needs

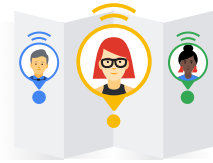
Agenda

- Intro
- Google by numbers
- Problem statement
- Our approach
- Lessons learnt

Google by Numbers



60+ products



40+ Payments Vendors



30+ Forms of Payment



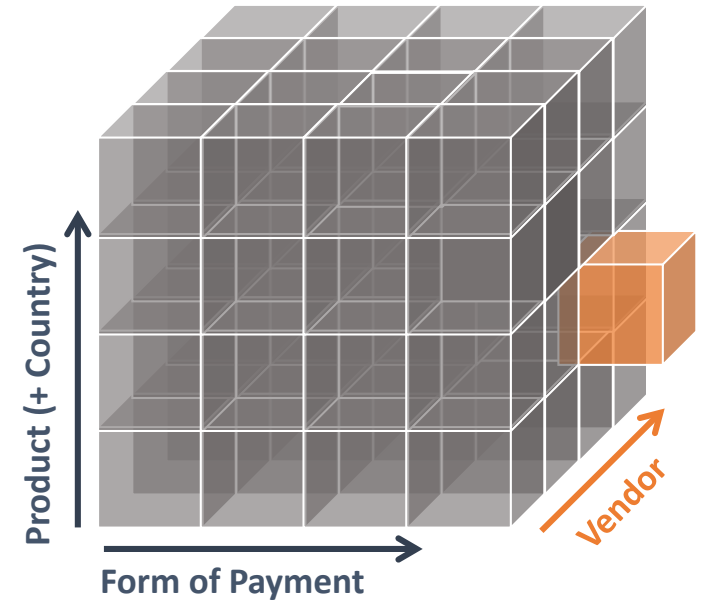
70+ currencies



190+ countries

Problem statement(s)

1. Why do we need a strategy?
 - a) Isn't it adequate to just have a Product/FoP strategy?
 - b) What should the vendor strategy focus on?
2. How do we define a Global vendor strategy that meets the needs of our cross functional team needs?
3. How do we determine the right vendor mix?



Our approach

Explore	Meet with teams in the Order-to-Cash lifecycle to understand their payment processing needs/priorities
Define objectives	Define objectives to build a vendor strategy around. For each country/region, determine the stack rank of the objectives
Collect data	Collect data that shows the current state of vendor setups per country
Identify gaps	For each country, Identify gaps between current state and the defined objectives
Build out vendor strategy	<ul style="list-style-type: none">- Overlay existing vendor capabilities to identify quick wins to implement- By country/region build out the plan that will be used as a guidepost for future vendor engagement

Who did we talk to?

We spoke with the following cross functional teams to better define the problem

Payments PM

Where do we want to go next? What FoPs do you want to offer? How do you want to optimize payment setups?

Accounting + Reporting

What fee data needs are you seeing with our payments vendors? How is it impacting our accounting and fee allocation?

Tax + Legal + Compliance

Are there any high priority regulatory needs we should address with our payments vendors?

Operations

What are your ops pain points with our current suite of vendors?

Engineering

What are your technical/integration pain points with current suite of vendors?

Treasury

What settlement currencies do you prefer?

Analytics/BI

What are the key needs you see in fee data?
What's our gold standard?



The three pillars

In consultation with cross functional teams, we defined the following pillars to shape our strategy.

- **Protect** Google's revenue by ensuring high uptime and low latency for payments. Enable multiple processing paths for better resilience
- **Optimize** transaction economics and ensure an excellent customer payments experience
- **Grow** the reach of payments capabilities to support Product expansion goals

Explore

Define objectives

Collect data

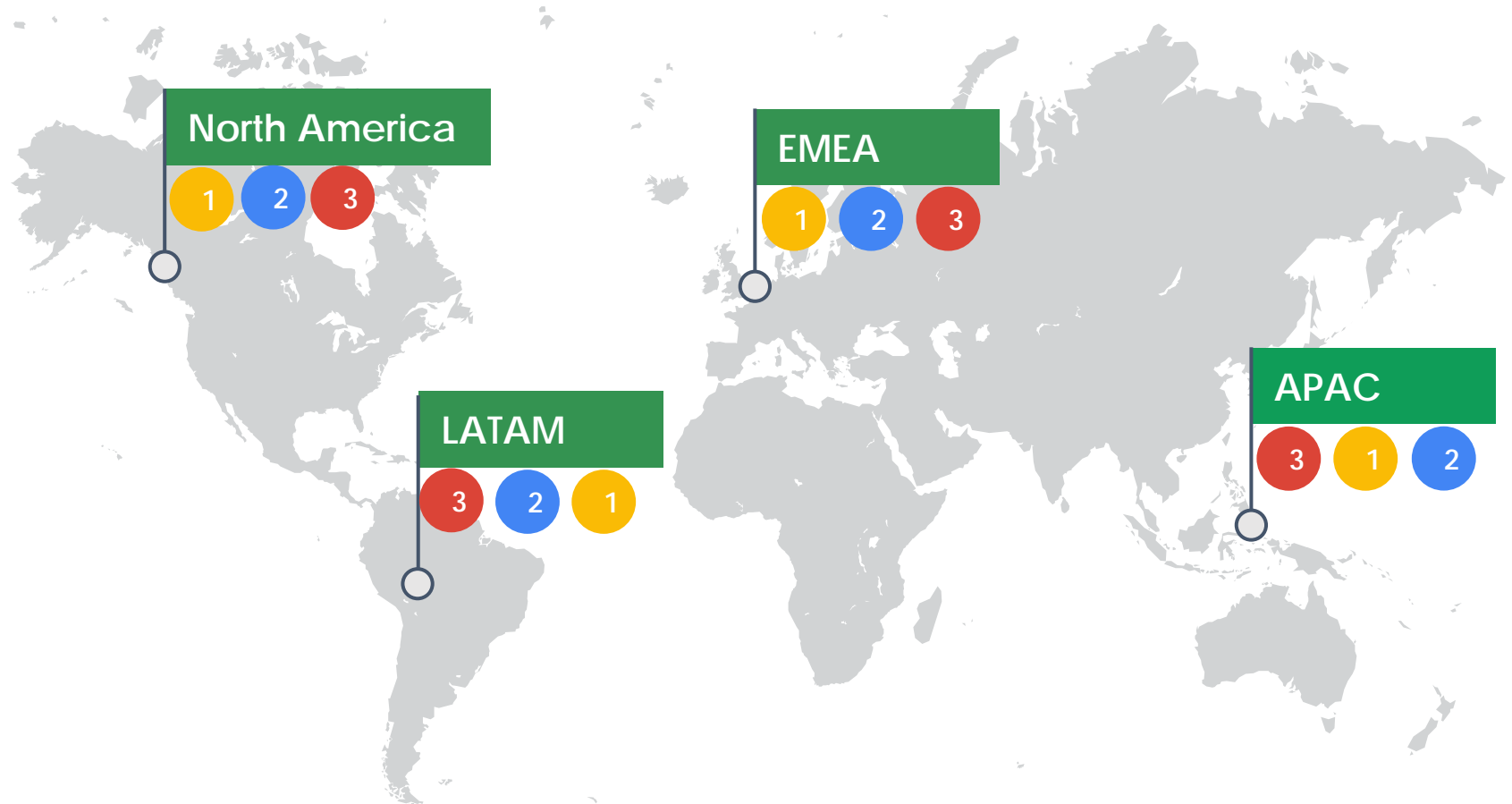
Identify gaps

Build out vendor strategy

Prioritizing objectives

Worked example

- 1 Protect
- 2 Optimize
- 3 Grow





What's our current state?

We collected and analyzed metrics for each objective

Protect

- % of revenue with redundant processing paths
- Avg. vendor uptime
- No. high risk gaps in vendor's environment

Optimize

- Decline rate
- Chargeback rate
- Transaction fees
- Local acquiring capabilities

Grow

- No. of FoPs from payments roadmap that vendor can support



Insights from the data

Protect

- Some major markets don't have adequate redundancy in processing capabilities.
- Vendor uptime is difficult to assess

Optimize

- Higher fees in some markets than expected
- Significant decline rate variations between Visa and MC in some countries
- Several opportunities to implement local acquiring (conversely, some existing local acquiring didn't deliver auth uplift we expected)

Grow

- Inadequate access to local FoPs with current vendors, in some countries
- Some vendors unable to scale with Google's business

Looking forward...

In addition to a 12 month roadmap, we developed the following principles to guide our future vendor engagement:

1. Try to **identify 3-4 vendors** to actively collaborate with to implement country roadmap
2. Prioritize vendors that have **demonstrated a commitment to resolving issues**, rather than trying to find a vendor with no issues
3. Pricing is important, but end-to-end cost is more impactful. Consider the overall cost of:
 1. Contracted transaction costs (auth fee, refund fee etc)
 2. Declines performance
 3. Chargeback performance
4. Prioritize full stack local acquiring capabilities over gateway solutions to payment processors/acquirers

Learnings

1. Find cross functional allies early – helps with resource prioritization
2. Don't chase every quick win identified by the data – focus on the impactful opportunities
3. Develop a strategy with a country/region focus - not an individual vendor
4. Pilot the program in 2-3 countries/regions – learn, then expand.
5. The data gets overwhelming, fast! Easy to get lost in lots of data points

Thank you

- Don't forget to submit your session evaluation!