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Paytailor – Case Study

Innovators in the payment industry aim to do more than facilitate transactions and help money change hands.

While multinational mobile phone manufacturers compete in the mobile payments market for the same transactions, Paytailor, founded in Estonia, changes the approach by appealing to merchants through simplicity.

Merchants and consumers, alike, seamlessly complete a transaction without investing in new hardware or committing to particular mobile phone manufacturer.

Quick Facts:

Pay tailor

- Founded in January 2016

- Mobile payments with existing bank accounts and hardware

- Founders: Rode Luhaäär, CEO, and Mariliis Mia Topp, CMCO

- Headquarters: Tallinn, Estonia

- 133,400 euros of capital raised to date

- Merchant mobile app (iOS & Android,) web app, and POS API

- iOS and Android app for consumers

- Mobile payments for IoT enabled devices

Origins of Paytailor

It is not always possible to pay with a bankcard across the world. Often, when merchants do accept a credit or debit card, a processing fee is charged if the items purchased do not amount to a minimum purchase.

During his time in the UK, Paytailor co-founder, Rode Luhaäär, discovered that merchants passed the cost of processing a bank card to the customer when the processing fee significantly cuts into profit margins. To avoid the fee from the merchant, customers are either motivated to buy more goods, making the fee manageable by the merchant, or cover the fee of the traditional payment processor. Traditional payment processors charge the fees as it is a means of revenue, and it is ultimately a convenience fee for merchants and customers.

As a true entrepreneur, Rode knew that there must be a better, even more convenient, and much less expensive way for merchants to accept payments from their customers without the use of cash. He teamed up with Mariliis Mia Topp to innovate on a market dominated by big payment processors and mobile phone manufacturers.

More than solving probelms

The endeavor began with creating an app-to-app payment and direct-carrier billing software, then evolved to become what Paytailor is today: a payment solution for businesses that's easy to integrate into current processes, as well as a mobile payment app for consumers that works with the merchant regardless of operating system or mobile phone manufacturer. In addition, merchants and consumers do not need to change banks or upgrade hardware, as they can use existing bank accounts and devices when adopting Paytailor.

Paytailor offers merchants four unique solutions, which work with the consumer app, regardless of the way Paytailor is integrated into a merchant's processes. Also, merchants are not required to have a card payment system to accept bank cards.

Point of Sale Options

Merchants have the option to supplement their current point of sale solution to accept mobile payments using Paytailor's ready-to-go applications. Once the merchant signs up with Paytailor's merchant agreement, they gain access to the iOS or Android application, mobile

web application, and the desktop web application. Regardless of the method of accepting the payment, customers only need the Paytailor mobile app to send the payment.

Paytailor API

Merchants are not required to abandon their investment in their current point of sale software or hardware. In addition to the several applications available to merchants, Paytailor developed an API with the ability to integrate into nearly any point of sale software on the market. Thus, merchants integrate mobile payments directly into their current point of sale process, leaving the option of how to pay up to the customer.

E-Commerce

This is where the innovative thinking really shows. Yes, Paytailor built an e-commerce platform on top of their mobile payments solution. However, the intent of their e-commerce platform isn't to simply allow merchants to sell items online, rather to incorporate the e-commerce experience with the brick-and-mortar experience. For example, think of a restaurant: Clientele typically order from a physical menu. With Paytailor, the restaurant can load the menu onto their e-commerce site, allowing the clientele to order items from the app, then paying directly from the app. Using a hybrid process, patrons receive better service, while enabling servers to get to more customers, faster.
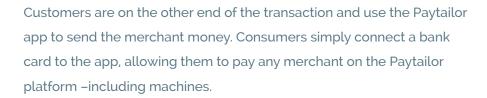
Internet of Things

Once a device is connected to the internet, Paytailor's platform enables it to accept payments. Clearly, the device must provide a service or deliver a product. Machines accepting payments is not a new idea; the vending machine has been around for decades. Nonetheless, this technology expands monetization of devices without requiring a person to take the payment. Think of an internet connected espresso machine: Integrated with Paytailor's software, the machine accepts a payment from a customer via the Paytailor app, then dispenses the coffee.

The Consumer App

Customers are on the other end of the transaction and use the Paytailor app to send the merchant money. Consumers simply connect a bank card to the app, allowing them to pay any merchant on the Paytailor platform –including machines.

Customers connect with a merchant in one of three ways, allowing every person with an Android or iOS smartphone to make a payment. Paytailor provides the merchant all of the materials required.

- Scan the merchant QR code with the app.
- Touch an NFC capable Android phone to an NFC reader.
- Type the unique merchant short code into the app.

Once the customer is connected, the merchant enters the purchase total, requesting payment. The customer sends the payment, then the merchant accepts the money. It's that simple.

More than solving problems

Paytailor provides merchants yet another service: mobile marketing. Users authenticate with the consumer app using their phone numbers, powered by Messente's verification API. When they authenticate, users can opt in to merchant loyalty and rewards programs, managed by Paytailor.

With Messente's SMS messaging gateway, users have the option to be notified via text message when they have reached a loyalty milestone for a specific merchant, receiving discounts, free items, or

compensated meals. As Paytailor does not share user phone numbers with merchants, they manage and automate the process by integrating Messente's global messaging API into their software.

Also, beneficial to both merchants and consumers, the API triggers location offers sent to users via SMS when they are around merchants

who use Paytailor. Of course, the user would voluntarily opt in to such marketing messages. In addition, Messente's messaging API includes a spam filter, so if something were to go awry with the software, merchants, customers, and Paytailor would not send or receive a flood of SMS messages.

Opportunity

- Build customer loyalty and rewards programs into platform
- Location based offerings to users who opt in
- Verify users phone numbers, keep numbers protected, and no spam

Solutions

- Messaging API & gateway from Messente
- Send SMS notifications for loyalty rewards, discounts, for users who opt in
- Send SMS notifications as users are near merchants offering deals (users opt in)
- Verify phone numbers, not shared with merchants, and spam filters in place
- Scalable API and service as application becomes more popular

Conclusion

Innovation improves on the way people interact with businesses. It is not about reinventing the wheel itself, but getting the wheel to do something else. While helping businesses keep more profits and consumers avoid transaction fees, Paytailor also takes advantage of Messente's proven APIs, processes, and way of doing business, to connect services to people. For more information about Paytailor, visit www.paytailor.com.

Learn more about Messente and our offerings:

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