

FIS taps software providers to expand payments reach

Article

The news: Financial tech company **FIS** introduced **Worldpay for Platforms**, a software-as-a-service (SaaS) solution that gives software providers embedded payment capabilities and access to advisory services, per a press release.

Neon One, a software provider for nonprofit organizations, and **ResMan**, which offers software solutions for the real estate industry, are among the first companies to use Worldpay

for Platforms.

Here's how it works: Software providers using Worldpay for Platforms can help small businesses accept various payment methods and currencies across online and in-person channels. They can also manage subscriptions and invoices. The solution is powered in part by payment facilitator **Payrix**, which FIS acquired earlier this year.

Why it's worth watching: The global SaaS market is currently valued at \$3 trillion, per McKinsey estimates, and that number is expected to surge to \$10 trillion by 2030.

Here are two key reasons FIS and other payment titans—including Worldline—have leaned into SaaS:

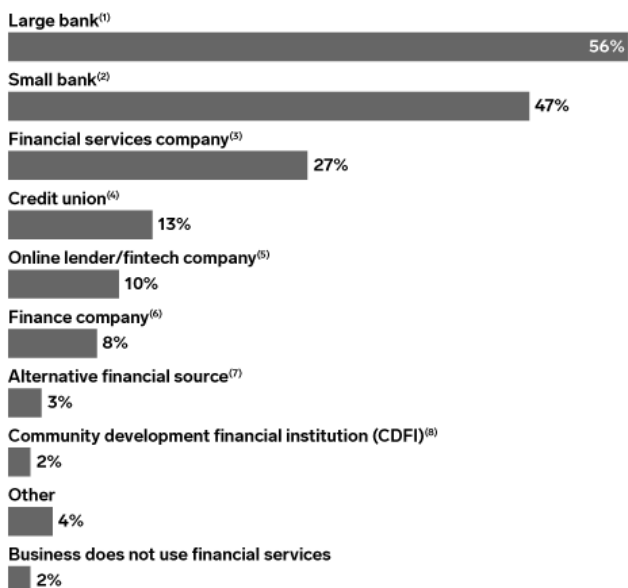
1. **SaaS offers a cheaper distribution model.** Solutions like Worldpay for Platforms minimize costs associated with soliciting business directly from end-clients—in this case, small businesses. Instead, software providers act as middlemen and take on those solicitation costs, keeping overhead costs low for payment players like FIS.
2. **And it can also help diversify firms' client mixes and revenues.** SaaS opens a new revenue stream for payments providers with the products and services they already have. Worldpay for Platforms is a collection of financial tools FIS already offers—the only difference is that it targets a different client segment. This lets FIS develop relationships with software providers so it can rely less on merchant clients. Software providers and online marketplaces are becoming a bigger target market for payment providers.

Why this could succeed: Worldpay for Platforms has attractive benefits for software providers and small businesses.

- **It can increase software providers' value propositions.** Worldpay for Platforms lets software providers bundle payment tools into their product suite and offer more services beyond their core capabilities. This can make providers more competitive because small businesses may be more inclined to work with providers that give them more value for their money.
- **And it can let small businesses avoid third-party payment integrations.** Getting payment tools through their software firm means small businesses can work with one less business solution provider, which could be more cost-effective. Economic uncertainty has accelerated small-business demand for efficient, all-in-one solutions, which Worldpay for Platforms can meet—making FIS an even more desirable one-stop shop.

Financial Service Providers Used by US Small Businesses, Nov 2021

% of respondents



Note: n=10,865; small businesses have less than 500 employees; (1) have at least \$10 billion in total deposits; (2) have less than \$10 billion in total deposits; (3) nonbank providers of business financial services; including payroll processing, merchant services, or accounting services; (4) nonprofit cooperatives where members can borrow money from pooled deposits; (5) nonbanks that operate online; including firms like OnDeck, Kabbage, PayPal, and Square; (6) nonbank providers of loans, leases, and other financial services; (7) include payday lenders, check cashing services, pawn shops, and money order services; (8) provide credit and financial services to underserved markets and populations; CDFIs are certified by the CDFI Fund at the US Department of the Treasury

Source: Federal Reserve Banks, "Small Business Credit Survey 2022 Report on Employer Firms" in collaboration with the NORC at the University of Chicago, Feb 2, 2022.

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