

Gaining a competitive advantage with a platform approach to payments

The 451 Take

Independent software vendors (ISVs) are confronted with challenging IT environments that only continue to increase in complexity. According to a recent 451 Research survey, 80% of ISVs said their IT challenges are becoming more acute and that IT is getting more difficult to manage (see figure below). The reasons they cited are many and include IT environment/systems complexity, requirement to implement new digital technologies, lack of agility and third-party vendor management. Ultimately, these challenges stand in the way of innovation and speed to market.

ISVs Have to Overcome Many Complex IT Challenges

Source: 451 Research's Voice of the Enterprise: Digital Pulse, Organizational Dynamics 2019



Of software vendors say their IT challenges are becoming more acute and IT is getting harder to manage

Top IT challenges cited by software vendors include:

IT environment/systems complexity



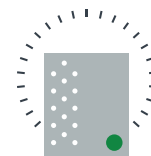
Third-party vendor management



Lack of agility



Implementing new digital technologies



Payments have emerged as an exciting and potentially lucrative new opportunity for ISVs because they offer an avenue to augment and enhance the value of their software. Unfortunately, payments also tend to exacerbate the IT challenges and complexities that ISVs are already confronted with. This is the result of various regulatory and compliance hurdles associated with payments, in addition to the need to support numerous applications, content and devices. The outcome is often further IT fragmentation and business distraction.

The most successful ISVs will be those that find a way to capitalize on the payments opportunity while mitigating the IT burden they present. Payments should always be an enabler of – not interfere with – an ISV's core business. With that in mind, we recommend aligning with payment partners that offer a platform to integrate with. This will play a powerful role in enhancing speed and agility by minimizing the complexity of managing and deploying payment devices.

451 Research is a leading information technology research and advisory company focusing on technology innovation and market disruption. More than 100 analysts and consultants provide essential insight to more than 1,000 client organizations globally through a combination of syndicated research and data, advisory and go-to-market services, and live events. Founded in 2000 and headquartered in New York, 451 Research is a division of The 451 Group.

Business Impact

Without a platform approach to payments, ISVs run the risk of throttling business growth and bogging down operations with unnecessary complexity. The benefits of aligning with partners that offer a payments platform include:

- **FLEXIBILITY.** Payments shouldn't stand in the way of ISVs pursuing emerging business opportunities. Such opportunities may include serving a new vertical market, addressing a new use case (e.g., pop-up shop) or aligning with a new processing partner. A strong payments platform will enhance the ease of addressing these opportunities thanks to the ability to support multiple payment devices, payment methods, value-added services and processor connections.
- **AGILITY.** The payments ecosystem is characterized by constant change brought on by an evolving regulatory landscape and rapidly accelerating merchant and consumer demands. ISVs that are quick to address these changes are more likely to realize differentiation and a competitive advantage. Integrating with a payment platform helps to accelerate speed to market while easing regulatory compliance through a single point of integration and management.
- **OVERSIGHT.** Payments can create a complex management challenge, especially as ISVs increase the number of payment devices they deploy. Platforms with estate management capabilities streamline this complexity by centralizing operational tasks. This allows ISVs to manage content, applications, device performance, updates, permissions and more via a single portal, significantly reducing time spent on tasks related to payment management.

Looking Ahead

ISVs will continue to face growing pressures to increase innovation and speed to market as customer demands increase. Effectively managing these expectations in the face of a complex IT environment will begin to separate winners from losers in the years ahead.

Payments can play a transformative role in elevating the value ISVs provide for their customers, but often have the downside of increasing IT complexity. A platform approach to payments can give ISVs a true competitive advantage by mitigating the undue complexity and IT burden of managing and deploying payment devices with their software.

Integrating with a platform allows ISVs to operate with a more agile and flexible payments strategy while reducing their time spent on management and operational tasks. Ultimately, ISVs that pursue this approach are best positioned to see increased operational and cost efficiency, resulting in lower total cost of ownership and better adaptation to business needs.