Visa's omnichannel payment management strategy is ready for takeoff

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The company bought in-store payment gateway and software vendor Payworks in July to help augment CyberSource's capabilities. We recently sat down with CyberSource's senior VP and global head of product to further understand how Payworks could help Visa better serve merchants, acquiring banks and payment service providers in the age of unified commerce.

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Introduction

Visa acquired online payment gateway and fraud management specialist CyberSource in 2010 for $2bn. The deal significantly deepened the vendor's role in e-commerce and greatly enhanced its ability to service the acceptance side of the payments ecosystem. With merchants seeking to deliver omnichannel commerce experiences, Visa bought point-of-sale (POS) payment gateway and software provider Payworks in July to help augment CyberSource's capabilities. In October, we sat down with CyberSource's senior VP and global head of product, Andre Machicao, to further understand the role that Payworks will play in helping the company better serve merchants, acquiring banks and payment service providers in the age of unified commerce.

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The addition of POS capabilities to CyberSource's platform significantly enhances its versatility for merchants, who can now leverage it as the basis for bringing omnichannel purchase experiences to market. When we last covered Payworks, we were impressed by its POS capabilities and momentum in Europe. Now part of Visa and integrated into CyberSource, the combined offering is greater than the sum of its parts. With live transaction volume already flowing over the joint platform, CyberSource is becoming a much more formidable player in omnichannel payment management.

Details

CyberSource's push into omnichannel payment management is intended to cater to the growing number of merchants seeking to optimize their customer journey across sales channels. As shown in Figure 1, this currently ranks as the number one customer experience initiative cited by retailers. Capabilities like mobile order-ahead and buy online/pick up in-store are increasingly sought after by merchants, and payments play an essential role in bringing these types of experiences to market effectively.

The move should also help CyberSource keep in step with competitors like Adyen that are aggressively pushing omnichannel payment and integrated POS capabilities. A key differentiator for CyberSource, however, is agnosticism when it comes to things like acquiring banks and POS terminal devices, offering merchants and partners enhanced flexibility and control over their acceptance strategies. CyberSource also brings to the table deep experience in payment security and fraud management, which is embedded in its omnichannel payments platform.

While little more than one quarter has passed since Visa purchased Payworks, joint execution is already underway thanks to ongoing collaboration between the companies over the past two years. Things began to ramp up in February 2018 when Visa participated in Payworks' $14.5m series B round, followed closely by a partnership that saw Payworks integrated into CyberSource's payment platform.

Moving forward, a top priority for Visa is bringing the full-stack, omnichannel payment platform to acquiring banks and fintech partners. Available on a white-label basis, merchants can light up payment acceptance across any channel (POS, mobile POS, e-commerce, m-commerce, call center) through a single integration into CyberSource and can roll out new feature sets and payment methods with greater ease. As we discussed in our previous report on Payworks, its cloud-based gateway touts several compelling attributes that both complement and enhance CyberSource's platform. These include broad support for Android-based and traditional POS devices, processor/acquirer-agnosticism and streamlined/automated POS configurability.

Payworks' strongest position is in Europe, and this market along with the US will be top priorities for bringing the joint offering – which is already live in seven countries – to market. Longer term, Visa views this as a truly global play and anticipates expansion into APAC and EMEA. ISVs are playing an important role in helping Visa drive the platform into new verticals, spanning from quick-service restaurants to luxury brands.

Figure 1: Omnichannel is top-of-mind for merchants

Source: 451 Research's Voice of the Enterprise: Customer Experience & Commerce, Organizational Dynamics & Budgets Q1 2019

48%
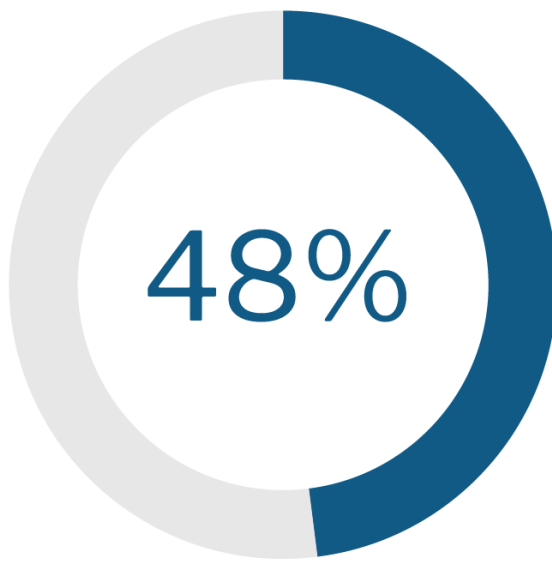
"**Optimizing the customer journey across multiple channels**"

ranks as the **number one customer experience initiative** among retailers, cited by 48% of respondents