



Measuring the Business Impact of PayPal's Enterprise Payments Solutions: Three Merchants' Case Studies

RESEARCH BY:



Leslie Hand
Vice President, IDC Retail Insights, IDC



Jordan Jewell
Research Manager, Digital Commerce and Enterprise Applications, IDC



Harsh Singh
Senior Research Analyst, Business Value Strategy Practice, IDC





Navigating this Solution Brief

Click on titles or page numbers to navigate to each section.

Business Value Highlights	3
IDC Opinion	3
Situation Overview	4
PayPal's Enterprise Payments Solutions	5
The Business Value of PayPal's Enterprise Payments Solutions	5
Firmographics	5
Selection Criteria Among Customers	6
The Value of PayPal's Enterprise Payments Solutions for Online Transactions	8
The Benefit of a Cost-Effective Payments Platform	9
Staff Efficiencies Impact	10
Revenue Impacts and Benefits	11
Challenges/Opportunities	12
Conclusion	12
Appendix: Methodology	13
About the Analysts	14

BUSINESS VALUE HIGHLIGHTS

Click on highlights below to navigate to related content within this Business Value Solution Brief.

36% lower cost
of transactions

11% increase
in revenue

92% greater
customer satisfaction

20% increase
in efficiency for payment
transaction systems

IDC Opinion

Merchants of all sizes and across every industry are challenged to keep up to speed with the expectations of today's empowered consumer. The decades-old playbook of building a web storefront, bidding on digital ads, and accepting credit card payments is long gone, with customers now expecting engaging and frictionless experiences across the customer journey. The organizations poised to win in the digital economy are investing in digital commerce and payments platforms that can support the customers of today and tomorrow. To remain agile, a commerce and payments platform must be built for mobile, have an open architecture, have security at its core, and integrate deeply with adjacent commerce technologies. Leading organizations also realize that their ability to compete is driven by their operational digital transformation and ability to respond to digital commerce advancements.

In addition to offering one of the world's most popular digital wallets, PayPal is empowering today's leading businesses with flexible, enterprise-grade, end-to-end payments solutions, powered by Braintree technology. PayPal provides customers with acquiring services and a payment gateway that enable merchants to accept multiple payment methods online, in person, or via a mobile application.

To gauge the business impact of PayPal's offering, IDC spoke with organizations using PayPal's payment processing platform, powered by Braintree technology. These companies reported that the platform helped them increase customer satisfaction and payment transaction efficiency.

Specifically, the customers mentioned a number of key benefits:

- Better payment functionality for both internal teams managing payment systems and their customers
- Improved ease of use for payment transactions and a greater range of payment options, leading to improved customer experiences and higher customer spend
- Improved security through built-in features available in the platform

In addition to offering one of the world's most popular digital wallets, PayPal is empowering today's leading businesses with flexible, enterprise-grade, end-to-end payments solutions, powered by Braintree technology.

Overall, the organizations interviewed agreed that PayPal's Enterprise Payments Solutions platform has played an important role in helping them effectively manage their online payments and in being able to grow their businesses, especially with respect to expansion into new international markets.

Situation Overview

While most merchants understand that delivering great customer experiences is very important, it is challenging to meet consumers' lofty expectations. Many organizations run on legacy or homegrown payments and commerce technology, stifling their ability to adapt to changes in the market. COVID-19 has accelerated the adoption of digital commerce, with an estimated \$200 billion shifting from physical to digital channels overnight in the United States alone. In this environment, every organization must evaluate its digital commerce and payments technology stack, as well as its customer experience strategy, to ensure it is meeting customer expectations on every channel, especially mobile.

IDC has identified several hurdles that merchants face when delivering modern digital commerce and payment experiences in today's landscape:

- **Expanding to new geographies:** Merchants that are growing often run into challenges when selling into new geographies where they need to provide new localized experiences, offer region-specific payment methods, and abide by ever-changing local regulations. Many payments providers lack a large, global ecosystem and region-specific knowledge to support multicountry and cross-border sales.
- **Leveraging open platforms:** One of the major mistakes seen in the technology of past decades is closed proprietary systems and ecosystems, which attempted to lock customers in. Closed systems, which lack robust developer and partner tools, limit growth opportunities because they make it difficult for merchants to build for creative commerce use cases. Leading commerce experiences on the market are personalized by leveraging a myriad of internet services and open technology platforms.
- **Optimizing digital checkout:** Consumers gravitate toward commerce experiences that make it as easy as possible to find the right products, check out, and pay with their desired method of payment. In many cases, the right checkout and payment experiences can result in higher spend and repeat purchases. Many homegrown and legacy payments systems lack the data and intelligence to support secure and modern digital commerce experiences.
- **Building mobile-first experiences:** Mobile has quickly become a dominant channel for commerce, accounting for a majority of all global ecommerce shopping. However, many legacy digital commerce and payments systems weren't built for mobile and other prominent channels where commerce happens. To support mobile checkout interfaces and future channels, modern APIs are a necessity.

PayPal's Enterprise Payments Solutions

PayPal's Enterprise Payments Solutions includes the ability to accept payments, make payments, manage fraud and risk, and streamline operations. The platform is highly scalable; enables payment experiences across web, mobile, and in-person; and offers many of the world's most popular payment methods through a single integration.

PayPal's offering serves a diverse set of merchants across retail, the gig economy, manufacturing, travel and transportation, insurance, education, online gaming, and more. It is built with flexible software development kits (SDKs) and open application programming interfaces (APIs) to facilitate integrations and support a wide selection of payments offerings.

PayPal's Enterprise Payments Solutions includes the ability to accept payments, make payments, manage fraud and risk, and streamline operations.

Key capabilities include:

- User experience creation tools including Drop-in UI and the ability to create custom UI in mobile and web workflows
- Support for all major credit cards, digital wallets such as Apple Pay and Google Pay, and checkout with PayPal, PayPal Credit, and Venmo
- Advanced payments capabilities including payouts and subscriptions
- Level 1 PCI compliance
- Cutting-edge data-sharing tools that can unlock new sales channels through third-party partnerships
- Payment management tools, including transaction search, dispute management, settlement batch summary, webhook notifications, and APIs to integrate into custom back-end solutions
- Advanced fraud tools based on machine learning to minimize chargebacks, reduce false positives, and reduce friction
- Secure third-party integrations with leading ecommerce platforms, shopping carts, advanced analytics, and billing solutions

The Business Value of PayPal's Enterprise Payments Solutions

Firmographics

IDC conducted research that explored the benefits of adopting PayPal's processing solutions, powered by Braintree. The project included three interviews with organizations that currently use the platform and are familiar with its features and

costs. The interviews covered a variety of quantitative and qualitative topics related to the platform's impact on the organizations' payment offerings, commercial objectives, and business operations.

The following companies were interviewed:

- **A well-known American basketball team in the National Basketball Association (NBA).** It markets merchandise and various consumer products to its extensive fan base both in the United States and internationally.
- **An American retail health and well-being organization that markets a variety of consumer health and wellness products.** It is one of the largest direct sales companies in the United States.
- **An American company that provides a subscription meal kit delivery service that ships fresh, organic, and sustainable ingredients and recipes.**

Table 1 presents study demographics and profiles for the interviewed companies. These organizations had an average base of 543 employees and annual revenue of approximately \$300 million. The number of external customers averaged 235,000.

TABLE 1
Firmographics of Interviewed Organizations

	Average	Median	Range
Number of employees	543	430	300–900
Number of external customers	235,000	235,000	150,000–320,000
Revenue per year	\$299M	\$246M	\$200M–\$450M
Revenue per year from online payment	\$262M	\$200M	\$137M–\$450M
Countries	United States (3)		
Industries	Retail (2), sports (1)		

Source: IDC, 2021

Selection Criteria Among Customers

Interviewed organizations described various selection criteria that informed their reasons for adopting the platform. Common themes that emerged were a desire to expand their payment functionality into international markets, the need for alternative payment methods, and the need to scale their operations in order to support future business growth.

Study participants also wanted to balance their desire to create an optimal payment experience with having a more cost-effective solution that offered better interchange rates.

They discussed the details of their selection process:

→ Expanding payment functionality globally:

“We wanted to expand internationally, and PayPal’s international footprint provided flexibility while allowing alternative payment methods and the ability to scale without having to maintain multiple relationships. As we moved to a new country and had to establish a new relationship, we wanted to have all that in a one-stop shop with a single payment platform.”

→ Improving customer experience:

“We really were aligned in changing our fans’ customer journey because we wanted to make their experiences seamless, simple, frictionless, and modernize payments as well. Sports has been very archaic in the way people have paid for things, or the amounts of time they wait in line or queue. These can be frustrating elements. But it’s something that people expected as part of the sports experience.”

→ Reducing costs of payment processing:

“We changed primarily for better economics, better interchange rates, and incremental synergy related to PayPal.”

Common themes that emerged were a desire to expand their payment functionality into international markets, the need for alternative payment methods, and the need to scale their operations in order to support future business growth.

Table 2 describes the organizational usage associated with the platform. It’s worth noting that on average, interviewed companies had an international presence in at least two other countries. All of these organizations processed a substantial number of online transactions (\$2.02 million on average) involving approximately 602,000 unique visitors to their sites. In addition, total annual sales transacted through the enterprise payments solution exceeded \$70 million.

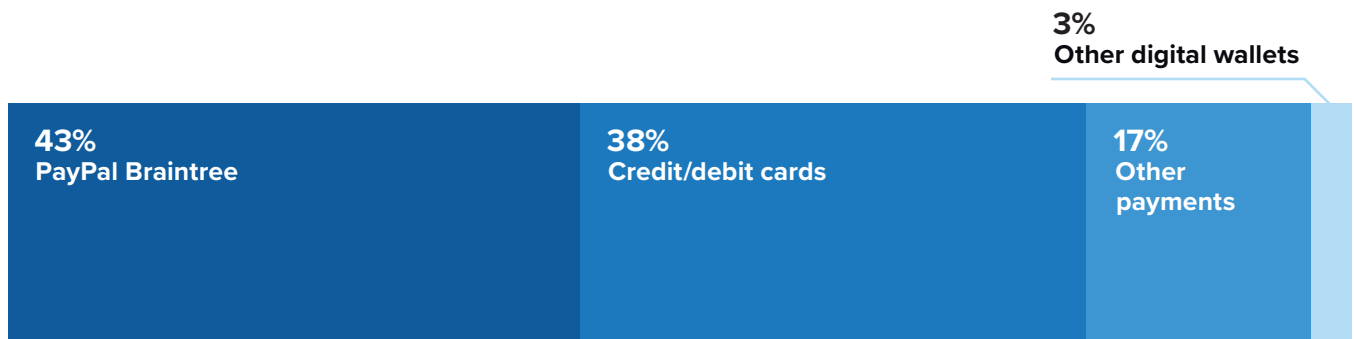
TABLE 2
Usage Environment

	Average	Median
Number of countries	2	2
Number of online payment transactions	2M	2.5M
Number of unique visitors	601,900	290,000
Average transaction amount	\$80.33	\$90.00
Total annual sales transacted via PayPal’s platform	\$71M	\$12M

Source: IDC, 2021

Figure 1 provides a breakdown of the various types of online payments that interviewed companies used to complete transactions for their clients' customer base. Nearly 43% of transactions were conducted using PayPal Braintree, while nearly 38% used credit/debit cards. The remainder of transactions used other digital wallets or various alternative payment methods.

FIGURE 1
Breakdown of Online Payments Used by Organizations



n = 3, Source: IDC, 2021

The Value of PayPal's Enterprise Payments Solutions for Online Transactions

PayPal's Enterprise Payments Solutions accommodates credit cards, PayPal, and other digital wallet options. The company provides customers with a merchant account and a payment gateway that allow its clients to accept payments either online or via a mobile app. Eligible merchants can accept transactions from customers in almost any country, and customers are charged in the appropriate currency.

Study participants appreciated having a wide range of flexible payment options made available by the platform. They particularly emphasized being able to use payment tenders such as PayPal, Venmo, and major credit cards. They also valued being able to offer their clients' customers a smoother and more efficient checkout experience as well as the ability to adapt in varying international venues. The latter benefit made it easier for clients to grow business by extending their footprints into new geographies.

Study participants commented on these and other benefits:

→ Flexible payment options:

"Customers were able to use mobile wallet to transact at the arena but also other payment tenders such as PayPal, Venmo, and major credit cards. We saw a healthy increase in transactions involving Arena Cash, our rewards program. We didn't have a complete season based on the COVID-19 pause, but it was a really nice benefit for our members to be able to use the mobile app to present a barcode to use at concessions or for merchandise ..."

Study participants appreciated having a wide range of flexible payment options made available by the platform. They particularly emphasized being able to use payment tenders such as PayPal, Venmo, and major credit cards. They also valued being able to offer their clients' customers a smoother and more efficient checkout experience as well as the ability to adapt in varying international venues.

→ **Higher conversion and authorizations:**

"[The platform] will give us a more efficient checkout experience while still providing all the different payment options that customers expect. We're also looking to use their account updater to auto-update expired cards. This will help reduce customer friction from having to update their cards if their auto-ship declines."

→ **Better approach to international conditions:**

"As we grow internationally, using [PayPal's Enterprise Payments Solutions] and their local payment methods will allow us to be more local in our offerings as we go into other countries. Obviously, that would be beneficial to customers there."

→ **Access to PayPal's large resources:**

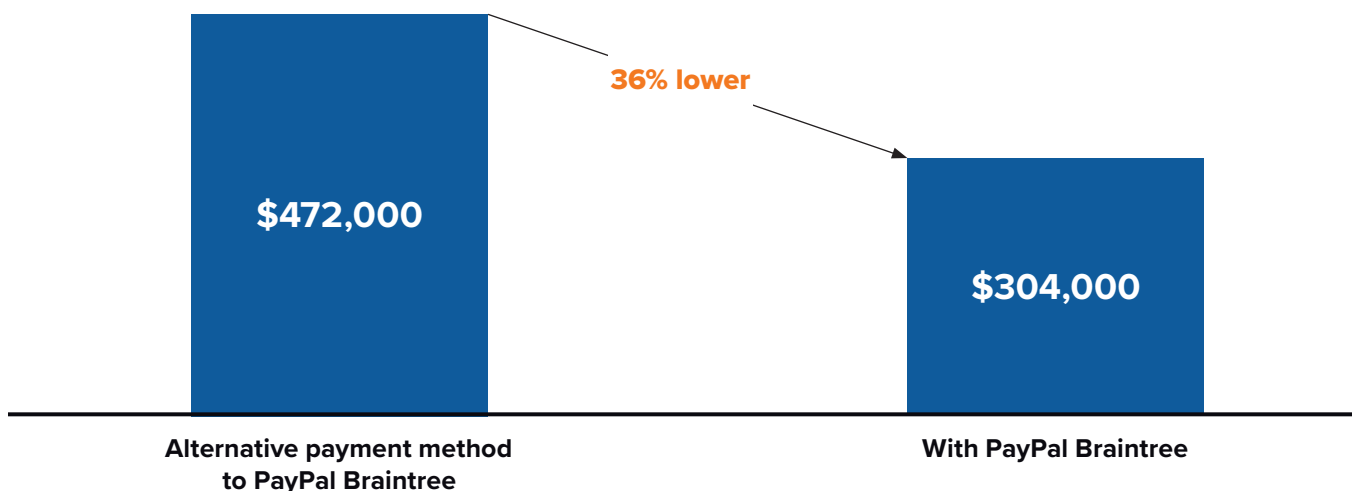
"I can't speak enough about the resources we have with [PayPal's Enterprise Payments Solutions]. It's extremely valuable especially ... how much they're dedicated to supporting us in any way they can. Anytime we had issues, if we hadn't figured it out first, they already had. And if we did figure it out first, they've been very quick to respond with an entire task force that's dedicated to helping us with risks involving any of our ecommerce payments in-venue."

The Benefit of a Cost-Effective Payments Platform

Study participants reported that PayPal's solution was cost-effective for their online payment processes and transactions. As shown in Figure 2, IDC calculated that the overall transaction cost for companies using PayPal's processing platform was 36% lower compared with legacy or alternative payment approaches.

IDC calculated that the overall transaction cost for companies using PayPal's processing platform was 36% lower compared with legacy or alternative payment approaches.

FIGURE 2
Cost of Transactions Impact
(\$ per organization)



Source: IDC, 2021

Staff Efficiencies Impact

Various categories of operational staff were involved in managing payment operations within the companies interviewed. Study participants reported that these teams were able to benefit from efficiencies enabled by the PayPal platform that made their day-to-day operations and tasks/routines easier and more productive. They discussed specific and measurable improvements for staff operations that the platform brought to their organizations, including the ability to expand and scale their customer base and portfolio internationally without the need to purchase or engage additional resources. Reliability and ease of use were also cited as key benefits, both of which contributed to lessening worry about managing payments infrastructure overall. Study participants also appreciated the security identification features the platform offered, which helped them deal with phishing and other types of malicious attacks or intrusions.

Study participants reported that these teams were able to benefit from efficiencies enabled by the PayPal platform that made their day-to-day operations and tasks/routines easier and more productive.

They commented on these benefits:

→ Managing and expanding portfolio without adding resources:

"I spend 20% of my time on payments, but one of the main things I was brought on for is to help expand internationally. We needed to make sure we laid the right foundations ... and do it at scale without the nightmare of having to maintain multiple relationships and multiple integrations. Being able to launch something quickly without payments being too expensive ... is important to us."

→ Infrastructure that is easier to manage:

"Once we have built the integration, it's pretty much a case of steady minimal maintenance. Nothing changes. This is infrastructure that works. Once it's installed, it's reliable and it connects to everything you need."

→ Reduced worry about managing infrastructure:

"Think of it like plumbing. When it doesn't work, it's just a terrible pain in the neck. This ... works and it's reliable. The API and infrastructure provided and the relationship and the connection to the company keep us there. PayPal, as a payment platform ... is a helpful feature but it's just a feature to us. It's really about the platform. And the wonderful thing is that we don't have to think about it."

→ Proactive security measures:

"PayPal polices a little bit if they see something coming through, acting as a cybersecurity team ... They helped us with phishing attacks or other sorts of attacks and helped with identifications."

IDC evaluated the extent to which PayPal's Enterprise Payments Solutions helped teams working on payments, particularly compliance and security teams. As shown in Figure 3, these teams experienced productivity boosts of 15% and 13%, respectively, as a result of features and ease of use associated with the platform. IDC also calculated additional benefits (results not shown in Figure 3). As a result of security features, the anti-fraud team was 6% more efficient. In addition, teams working on payment systems management were able to free up 20% of their time to focus on more productive work because of the platform benefits described previously.

FIGURE 3

Productivity Improvements with PayPal Braintree

(% of increased productivity/time saved)



Source: IDC, 2021

Revenue Impacts and Benefits

Study participants reported that they were able to realize revenue benefits from the deployment of PayPal's platform. They noted that the improved flexibility provided by mobile wallet options led to increased customer spend, thereby improving sales results. They also commented on how the platform's ease of use extended to customers and staff, fostering positive online experiences and less complicated initial setup. In addition, having more customer payment options also led to more usage and customer spend.

Study participants reported that they were able to realize revenue benefits from the deployment of PayPal's platform. They noted that the improved flexibility provided by mobile wallet options led to increased customer spend, thereby improving sales results.

Study participants commented:

→ **Easier for customers to get set up:**

"Some fraction of the PayPal wallet could be incremental revenue because there's some convenience it provides to the customer. It's a layer of abstraction on their credit card or debit card information. They're signing up because of that."

→ **More payment options for customers:**

"[PayPal's Enterprise Payments Solutions'] additional payment options to pay with PayPal wallet or use a credit card ... I think [are] giving the customer the maximum number of choices to make their payment, and that's the true ability. Not all payment processes provide all those mechanisms."

IDC calculated that customer satisfaction with payment options through features such as ease of use and easier setup improved at a significant level of 92%. This, in turn, led to an estimated 11% increase in revenue on average across the organizations interviewed for this brief.

Challenges/Opportunities

IDC's research of merchants and platform providers demonstrates that merchants are increasingly interested in an integrated payments infrastructure approach such as PayPal's. The sections that follow provide challenges and opportunities that PayPal faces as it strives to meet rapidly evolving merchant and end-customer expectations.

Challenges

- **Quickly integrating cross-portfolio capabilities:** PayPal has quickly been expanding its payments portfolio to include processing, payouts, fraud, and shopper marketing tools. While each of these point solutions adds important functionality to PayPal's toolkit, there is still work to be done in connecting technology architectures and workflows. It is worth noting that PayPal does offer innovative data-sharing tools to help connect disparate systems and even providers.
- **Rapidly changing regulatory environment:** While flexible digital payment capabilities are empowering merchants to rapidly build new omni-channel workflows, there are ever-changing regulatory challenges facing any payments provider. All technology vendors are being challenged with increasing regulatory scrutiny.

Opportunities

- **Improved onboarding experience:** Merchants, marketplaces, and commerce platform operators historically have disjointed onboarding processes across their various payments systems. By bringing payment processing, fraud, payouts, and more functionality onto a single platform, PayPal has the opportunity to make it drastically easier for these stakeholders to onboard across their portfolios.
- **Expanding out-of-the-box integrations:** PayPal has a vast ecosystem of technology partners addressing CRM, accounting, subscriptions, and other categories. However, there is an opportunity to make it easier to connect with the most frequently requested third-party vendors.

IDC's research shows that PayPal's customers see measurable cost and business benefits across the entire payment value chain. We believe that these benefits will be multiplied in the coming year as digital commerce makes up a larger share of the overall economy.

Conclusion

In the digital economy, every organization is tasked with delivering exceptional commerce experiences to their customers by removing friction, offering the right mix of payment methods, and instilling trust. Future-looking merchants understand that a flexible payments platform is critical to meeting and exceeding these customer expectations. PayPal is the proven provider of digital payments technology that powers many of the world's leading and most innovative companies.

IDC's research shows that PayPal's customers see measurable cost and business benefits across the entire payment value chain. We believe that these benefits will be multiplied in the coming year as digital commerce makes up a larger share of the overall economy.

Appendix: Methodology

IDC's standard business value methodology was utilized for this brief. This methodology is based on gathering data from companies that use PayPal's Enterprise Payments Solutions, powered by Braintree, as the foundation for the model. IDC collected quantitative benefit information during the interviews using a before-and-after assessment of the impact of using PayPal.

Note: All numbers in this document may not be exact due to rounding.

About the Analysts



Leslie Hand
Vice President, IDC Retail Insights, IDC

As Vice President for IDC Retail Insights, Leslie Hand is responsible for the research direction for IDC Retail Insights, and leads research related to the digital transformation of retail omni-channel operations. Leslie works with retailers and technology providers on developing best practices and strategies, aligned with where they are and where they want to go, leveraging IDC quantitative and qualitative data sets. Leslie's specific research includes a particular emphasis on mobile, IoT, and augmented/virtual reality technologies and the threats and opportunities now facing the entire retail ecosystem from evolving consumer behaviors. Leslie likes to say that she will always be a retailer through and through, but in her current role she now has the opportunity to work for many top retailers and the technology providers that serve them.

[More about Leslie Hand](#)



Jordan Jewell
Research Manager, Digital Commerce and Enterprise Applications, IDC

Jordan Jewell is a research manager for IDC's Enterprise Applications and Digital Commerce team and leads IDC's Digital Commerce research practice. In this role, he leads research initiatives addressing both B2B and B2C digital commerce platforms, digital marketplaces, and adjacent technologies that facilitate online commerce. Jordan conducts quantitative and qualitative research in these areas and acts as a thought leader on the future of commerce. Jordan also engages in modeling and forecasting for IDC's Software Tracker research for various software markets including commerce, order management, financials, ERP, procurement, and enterprise asset management.

[More about Jordan Jewell](#)



Harsh Singh
Senior Research Analyst, Business Value Strategy Practice, IDC

Harsh Singh is responsible for developing return-on-investment (ROI) and cost-savings analysis on enterprise technological products. Harsh's work covers various solutions that include datacenter hardware, enterprise software, and cloud-based products and services. Harsh's research focuses on the financial and operational impact these products have on organizations that deploy and adopt them.

[More about Harsh Singh](#)

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

IDC Custom Solutions

This publication was produced by IDC Custom Solutions. The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis independently conducted and published by IDC, unless specific vendor sponsorship is noted. IDC Custom Solutions makes IDC content available in a wide range of formats for distribution by various companies. A license to distribute IDC content does not imply endorsement of or opinion about the licensee.



[idc.com](https://www.idc.com)

[@idc](https://twitter.com/idc)

Copyright 2021 IDC. Reproduction is forbidden unless authorized. All rights reserved.

Permissions: External Publication of IDC Information and Data

Any IDC information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Vice President or Country Manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason.

March 2021 | IDC Doc. #US47471121