STRIPE BUSINESS OVERVIEW

Wenjing Pan

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WALL STREET FINTECH CLUB

WSFC

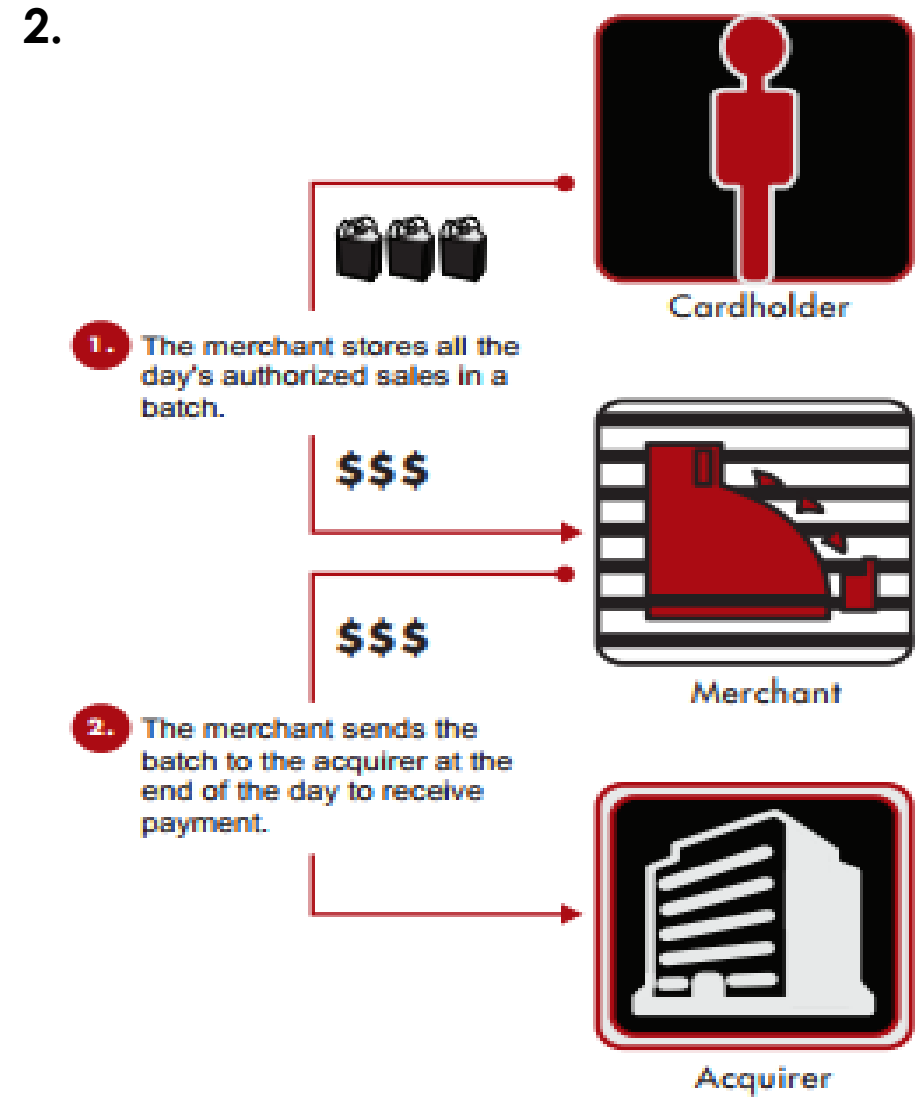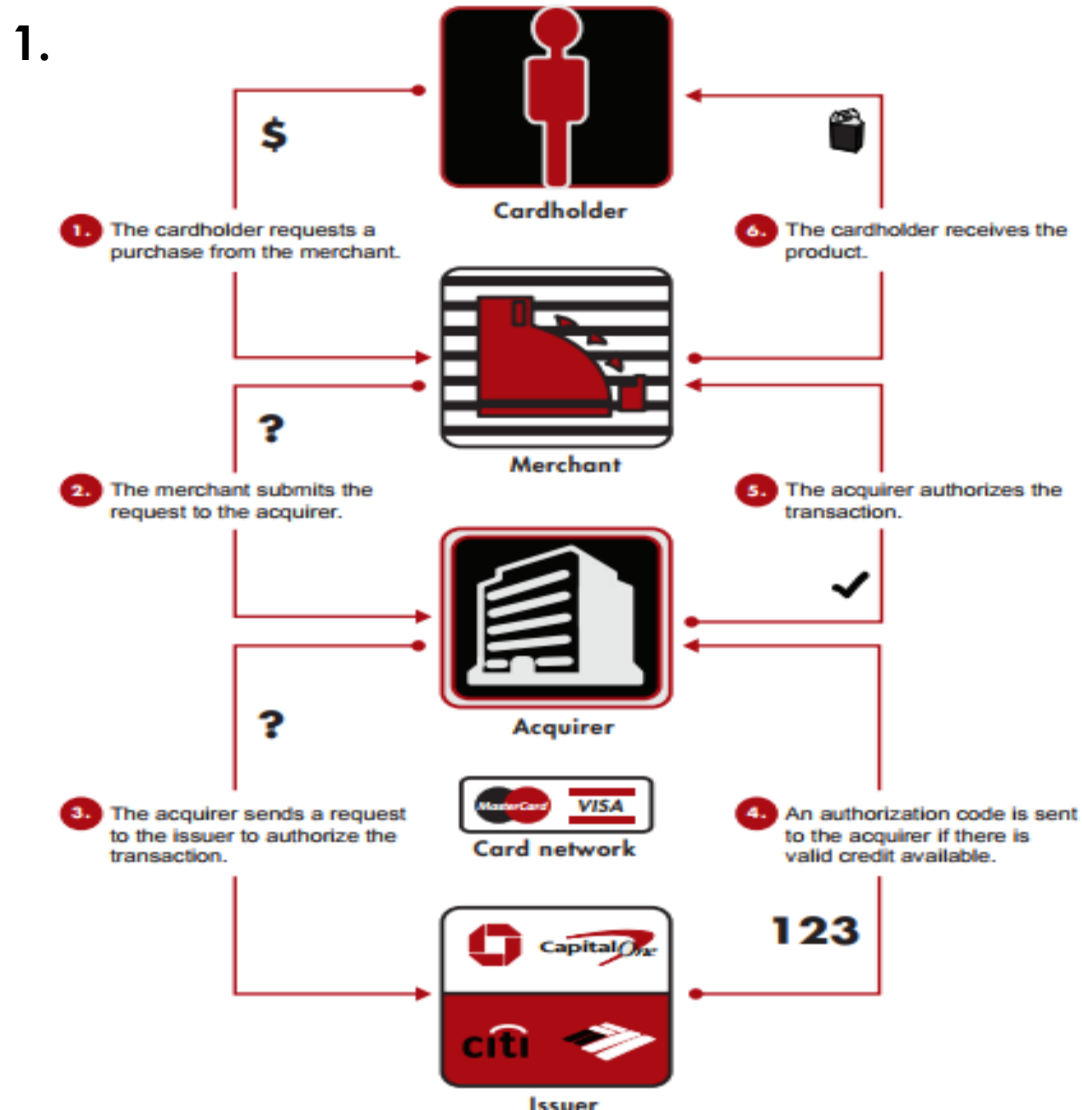- Est. 2016 New York -

AGENDA

- Background

- Business Model

- Comparison against Paypal

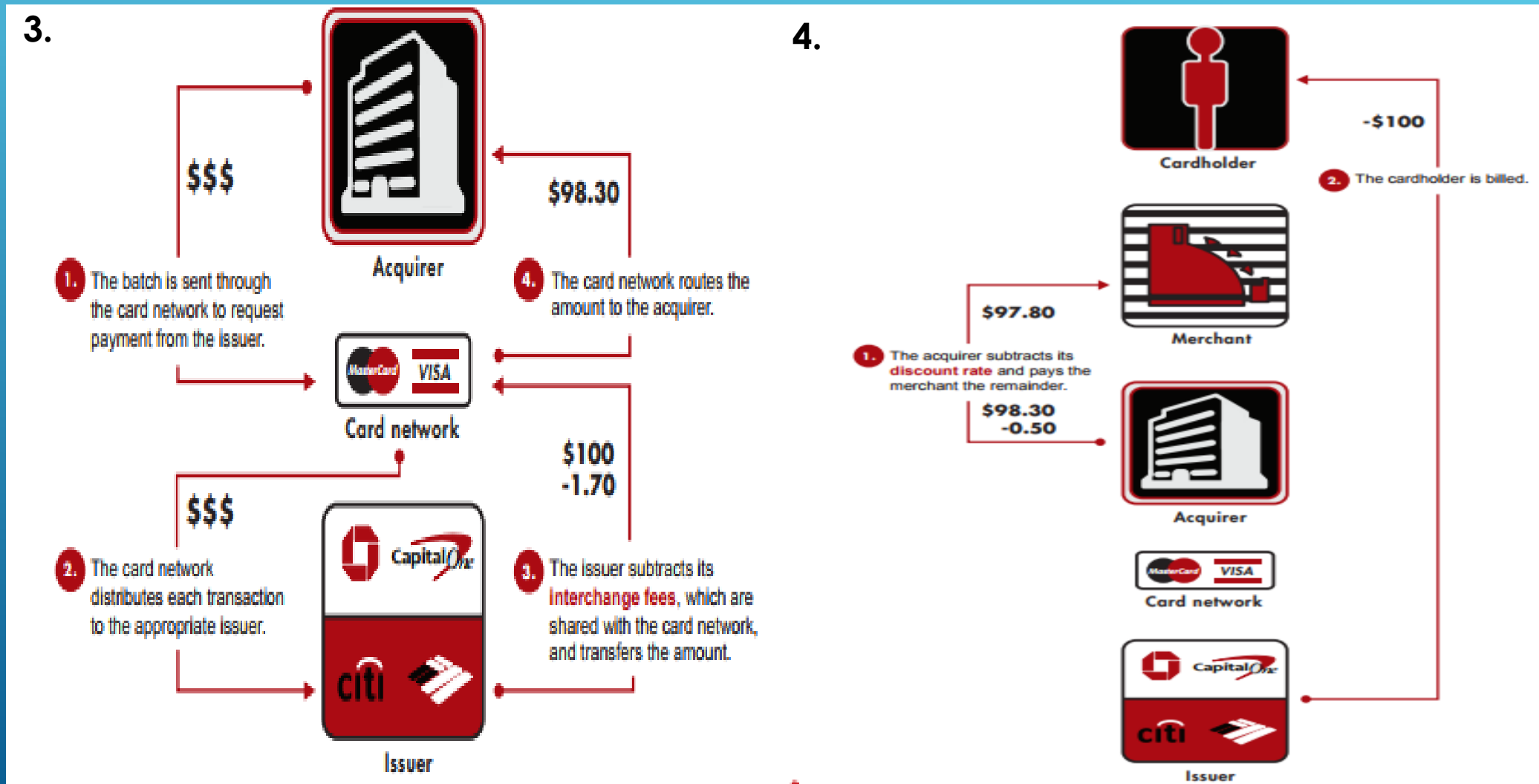- Recent Development

HISTORY

- Founded in Sep 29, 2011 in Silicon Valley, by Joan and Patrick Collison

- Provide technical, fraud prevention and banking infrastructure for online payment systems

  - Process $ billions a year in 25 countries

- Valuation: $9.2 B

  - Total Funding: $440M as of Jan 2017

  - Investors : Peter Thiel, Elon Musk, Sequoia Capital, American Express, Andreessen Horowitz

TRADITIONAL PAYMENT PROCESSING

1.

Cardholder

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1. The cardholder requests a purchase from the merchant.

6. The cardholder receives the product.

Merchant

2. The merchant submits the request to the acquirer.

5. The acquirer authorizes the transaction.

?

Acquirer

?

3. The acquirer sends a request to the issuer to authorize the transaction.

MasterCard VISA
Card network

4. An authorization code is sent to the acquirer if there is valid credit available.

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Chase CapitalOne
citi Bank of America
Issuer

2.

Cardholder

1. The merchant stores all the day's authorized sales in a batch.

$$$

Merchant

$$$

2. The merchant sends the batch to the acquirer at the end of the day to receive payment.

Acquirer

TRADITIONAL PAYMENT PROCESSING

TRADITIONAL PAYMENT PROCESSING
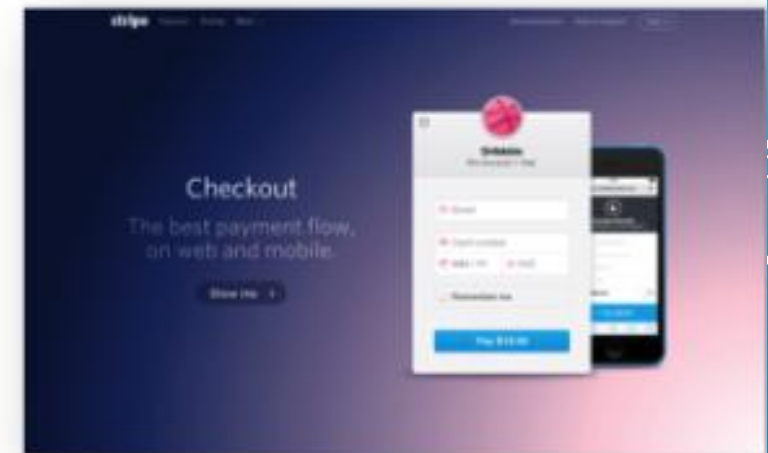

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STRIPE – BUSINESS MODEL

- Payment platform with extremely quick, streamlined setup Process

  - 3rd-Party payment processor

  - e-Commerce payment provider

  - $ billions a year in 25 countries

- Developer Centric

- Charged a simple 2.9% of each transaction plus $0.30 per transaction

STRIPE CHECKOUT

- Easy to set up

- Quick to settle the payment

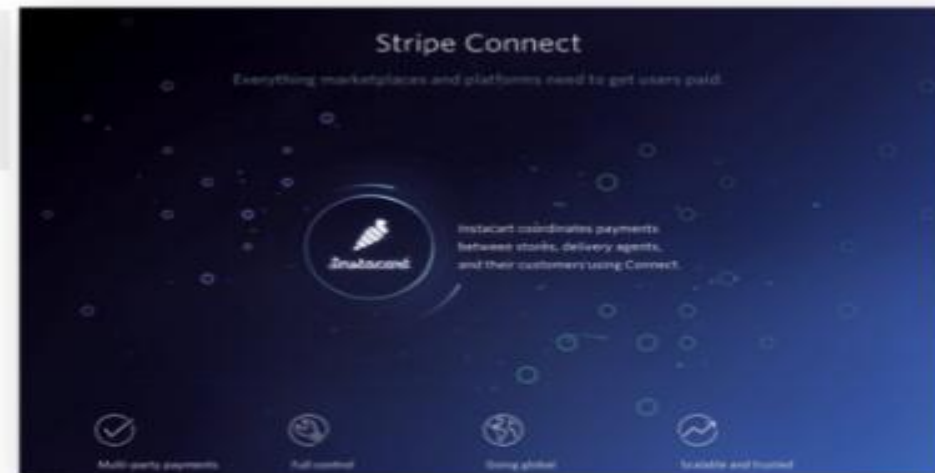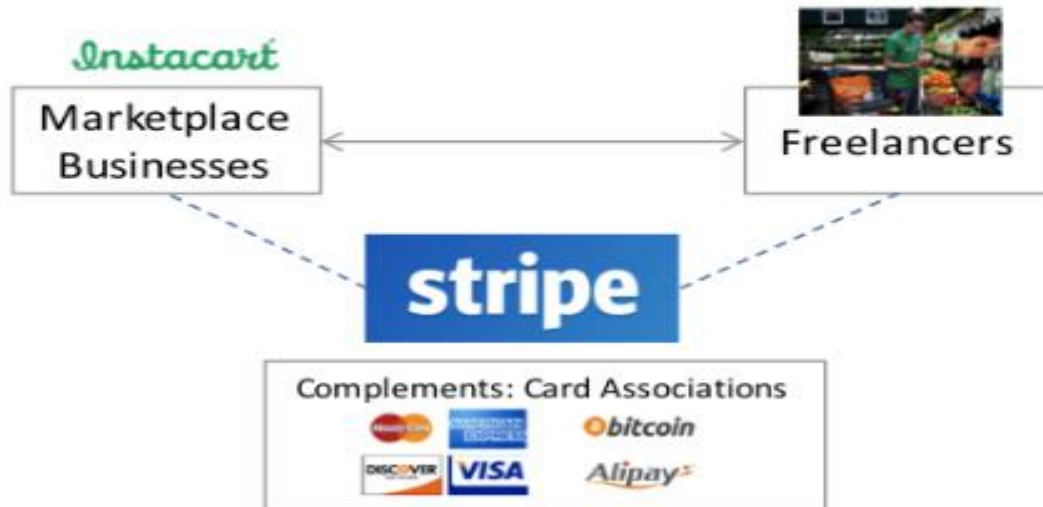- Deal with acquirers and networks on behalf of merchants

Stripe Checkout is a 'reseller' model where Stripe bundles the services of the card associations and offers a hassle-free payment product to businesses.

STRIPE CONNECT

- Facilitate the payments between online service platform with freelancers
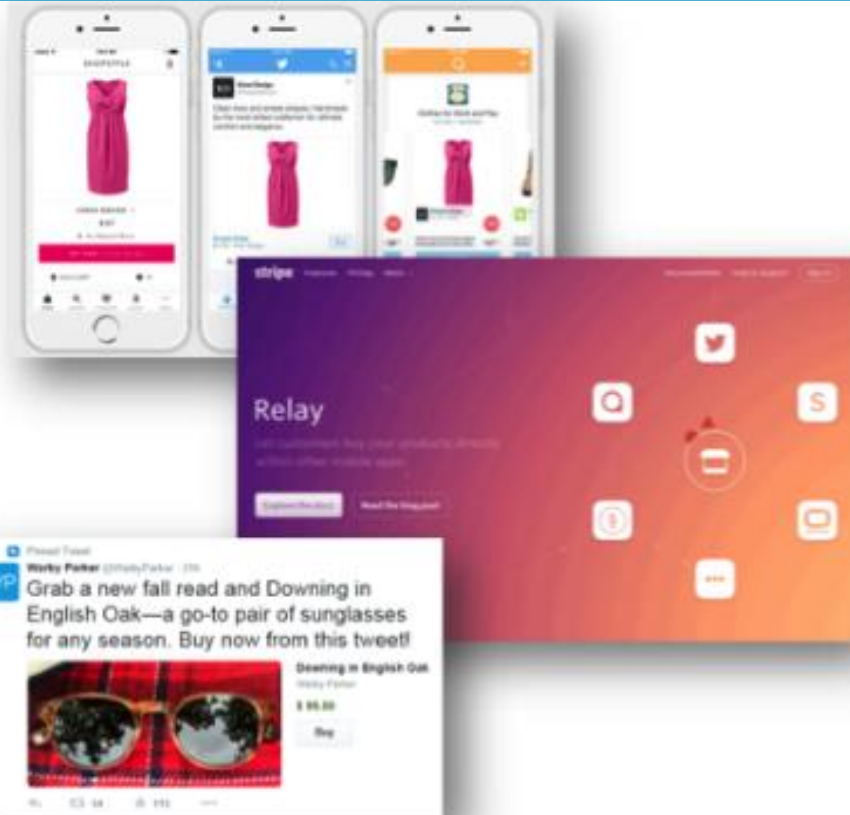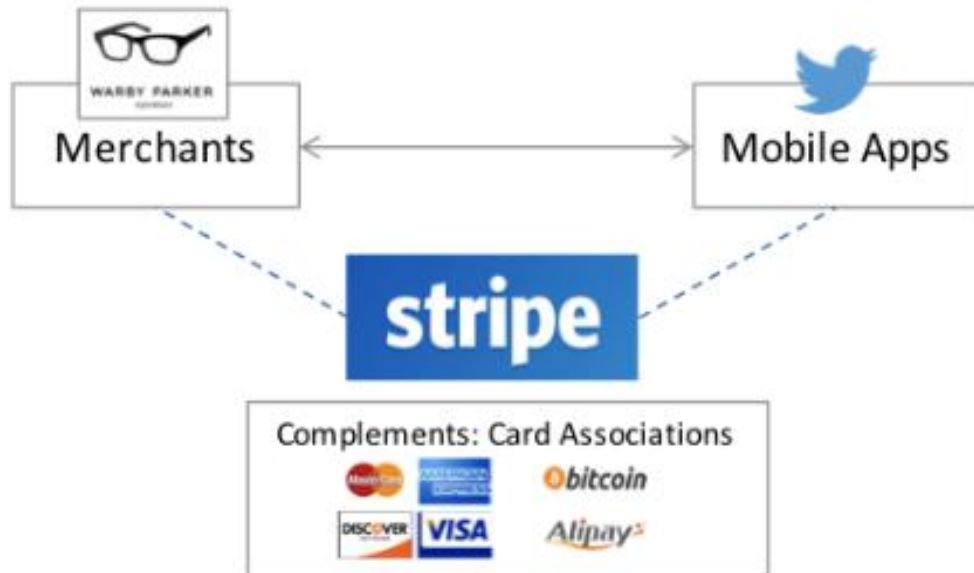- Quick to settle the payment

Stripe Connect is a 2-sided marketplace where Stripe facilitates a payment transaction between businesses and freelancers via their Stripe accounts.

STRIPE RELAY

- Facilitate payments between merchants and mobile apps (Twitter, etc)
- Quick to settle the payment

Stripe Relay is a 2-sided marketplace where Stripe facilitates transactions between merchants and mobile apps via their Stripe accounts.

Merchants ←→ Mobile Apps

stripe

Complements: Card Associations

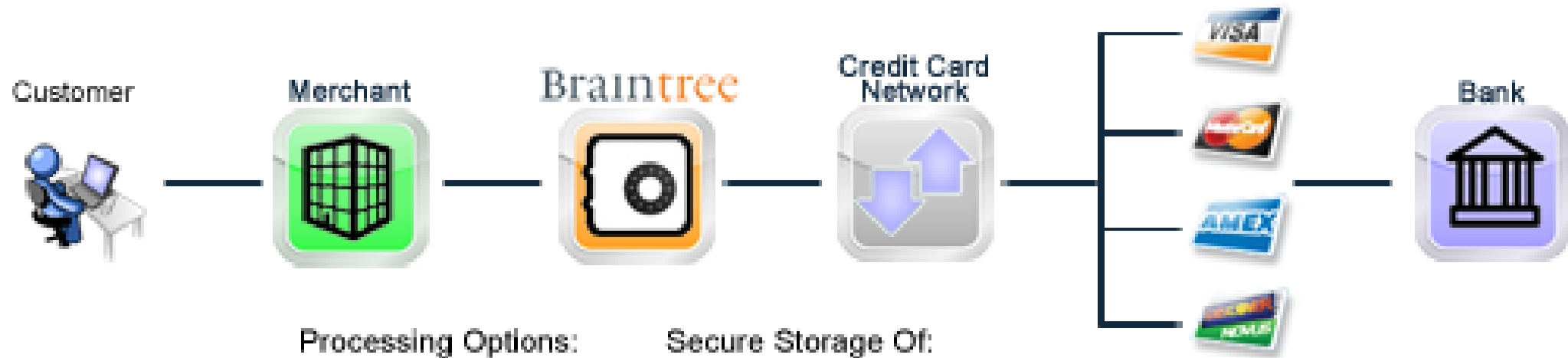# STRIPE MERCHANTS – 100 K + BUSINESSES

PAYPAL VS STRIPE

	STRIPE	Paypal
e-Commerce Focus	Mobile and Internet	Starting from Internet, now more attention on mobile
Role in Payment Eco-system	btw Merchants and Networks	btw Merchants and Customers
Fees	2.9%+ $30c per transaction	2.9%+ $30c + other service fees per transaction

PAYPAL - BRAINSTREE

Transaction Process

Customer — Merchant — Braintree — Credit Card Network — VISA / MasterCard / AMEX / DISCOVER — Bank

Processing Options:
- Web Interface
- Client Libraries:
  - Ruby
  - JAVA
  - .NET
  - PHP

Secure Storage Of:
- Multiple credit cards
- Multiple billing addresses
- Multiple shipping addresses
- Custom data

DEVELOPMENT IN RECENT YEARS

- **Radar** – Rich access to Stripe data and machine learning algorithm

- **Sigma** - facilitate data inventory with merchants through SQL query

- **Atlas** – handle the online business set-up via standard process and connection with

  expert communities