



# How Payment Innovations Help Accelerate Ecosystems

An  XTRM White Paper



# How Payment Innovations Help Accelerate Ecosystems

## About Business Ecosystems

In today's competitive landscape, leaders in nearly every industry are recognizing that companies cannot go it alone. They need the help of partners who bring unique capabilities, customers, data and industry knowledge to enable and empower innovation. Industry leaders are recognizing the power of ecosystems – a proven model for driving growth through innovation.

According to Accenture, nearly every business across every industry is susceptible to disruption by ecosystem plays and any who are not ready risk value degradation including “more than 40 percent of companies across 20 industries—accounting for a combined enterprise value of \$26 trillion—are highly susceptible to future disruption.”<sup>1</sup>

Business ecosystems are complex organisms. And with almost any ecosystem, the value is greater than the sum of its parts. Whether it's the value created through software ecosystems that provide new technology beyond the reach of any single entity, or business networks that extend from supply chain to technology partner to distribution channel to user communities, platform business models have evolved as a more productive set of processes for developing and commercializing new technologies across nearly every industry. Indeed, business ecosystems have become increasingly the way we get things done.

The concept of a business ecosystem dates back to a 1993 HBR article, “Predators and Prey: A New Ecology of Competition,” by James F. Moore, in which he opined “that a company be viewed not as a member of a single industry but as part of a business ecosystem that crosses a variety of industries. In a business ecosystem, companies coevolve capabilities around a new innovation: they work cooperatively and competitively to support new products, satisfy customer needs, and eventually incorporate the next round of innovations.”

<sup>1</sup> <https://www.accenture.com/us-en/insight-leading-new-disruptability-index>



Moore correlated business ecosystems with natural ecosystems, "...natural ecosystems sometimes collapse when environmental conditions change too radically. Dominant combinations of species may lose their leadership .... For current business dealing with the challenges of innovation, there are clear parallels and profound implications." And he outlined the four stages of business ecosystems: 1.Birth, 2.Expansion, 3.Leadership and 4.Renewal (or death).

The internet, of course, accelerated the stages through which companies are evolving in this co-evolution he reported, supporting new innovations and ushering in the era of ecosystems. For a period starting in 2015, Apple, Google, and Microsoft became the most valuable companies in the world. Each was marked by an external developer ecosystem and, in Microsoft's case, an extensive distribution channel network with more than 500,000 partners. Ecosystems compete but they are comprised of both collaborators and competitors.

While much of the value of business ecosystems may be intangible and largely based on relative positions of leadership, the performance of any business ecosystem is dependent on continuous innovation as well as the very tangible movement of money within the ecosystem amongst its independent entities. And payments innovations are but one of many elements where creating better user experiences proves essential in achieving and maintaining leadership.

Payments innovation perhaps is not the kind of cutting edge technology that's often thought about deeply at the birth or start-up phase (unless you're a fintech company) but it becomes more critical as an ecosystem expands and consolidates its position as a leader or continues to renew its leadership as it seeks to maintain an innovative edge.



### The Critical Role of Frictionless Payments

As business ecosystems evolve so, too, do all the businesses within the ecosystem. When Moore wrote about ecosystems, his examples included IBM and Apple ecosystems in the personal computer market. IBM's decision to take an open platform approach accelerated their path to leadership while opening the door to clones. They lost their leadership position but the IBM-compatible PC powered by Microsoft's operating system and Intel's microprocessors became the de facto standard and PC ecosystem far surpassed that of Apple's Macintosh.

That early personal computer marketplace that had yet to move into PC-server based networks. Cisco had yet to incorporate IP networking into its routers. Google, Salesforce were yet to be created. IBM's initial go-to-market retail channel consisted of Sears, Businessland, a handful of Nynex stores being rebranded IBM stores and a few franchisers like Computerland and Microage. All in, their partners totalled fewer than 2,000 US locations. A far cry from the more than 500,000 Microsoft worldwide partners today.

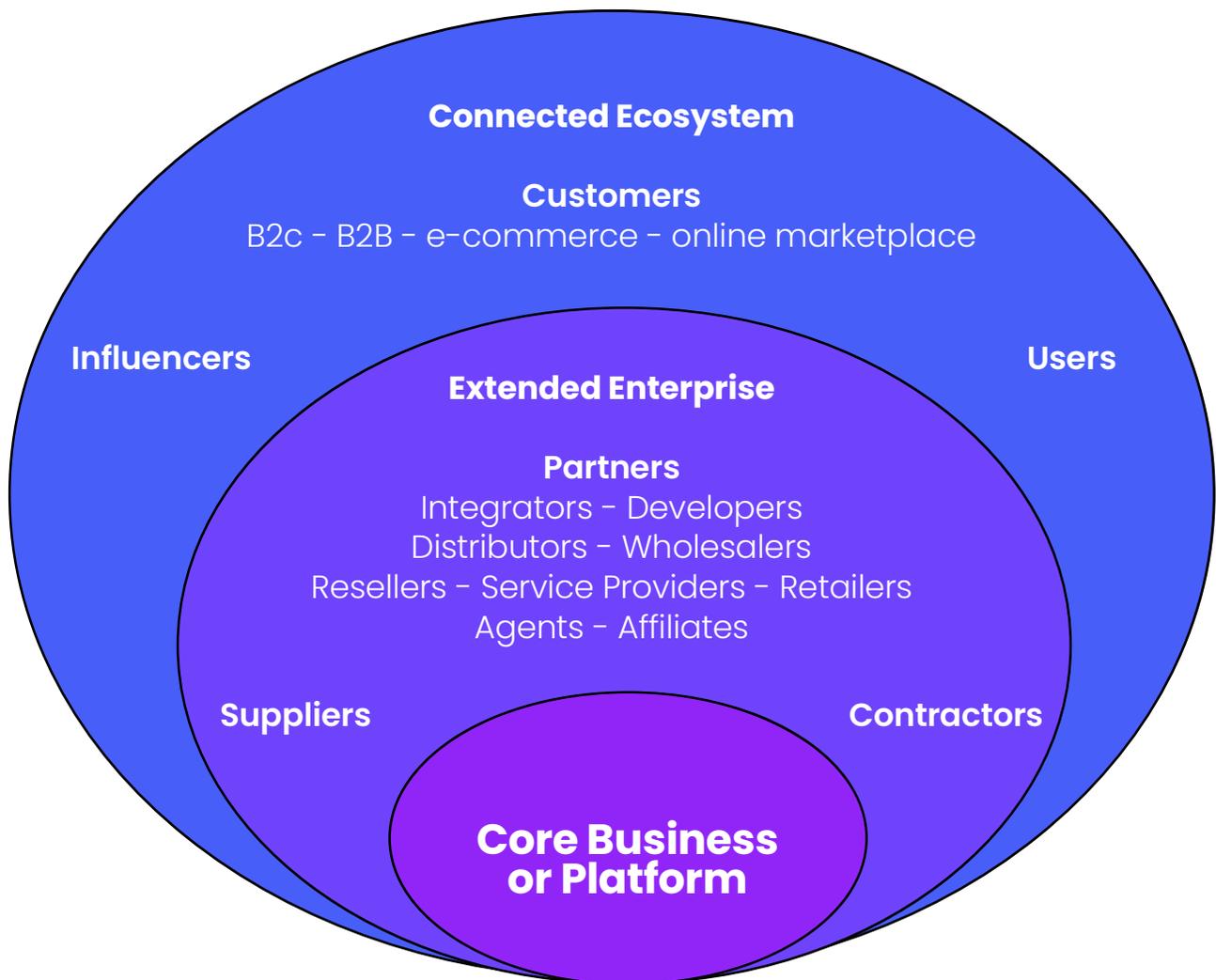
The exponential growth and the accompanying increase in both the level of complexity and the interconnectedness of today's technology business ecosystems shows no sign of slowing down. James Moore achieved nowhere near the fame as Gordon Moore, author of Moore's Law. But one might be tempted to think there's a corollary when it comes to how rapidly markets evolve and the business ecosystems that serve them.



### Interconnectedness

The connected ecosystem of a technology business -- or any business -- looks quite different today than when Moore wrote his piece. Indeed, more connections, greater collaboration and improved user experiences are central to today's ecosystem based economy.

Digital transformation has become the business of every business. Facilitating the fast, secure flow of money between and within companies in the ecosystem has become more important than ever, even as their interconnected relationships become more complex.



One way this transformation is being accomplished is through the use of digital wallets.



### Intelligent Digital Wallets Simplify Money Movement

Digital wallets have been around for a while now. Long enough that there are literally hundreds of wallet apps out there. Meanwhile, digital B2B payments, like other B2B applications, have lagged behind the consumer market.

Perhaps the lag was due to use cases that are more complex or because the time and effort required for integration within business workflows has proven too big an obstacle for overburdened dev teams.

One type of digital wallet not often discussed on review sites is an **intelligent digital wallet**. You can think of it as an enhanced enterprise-level digital version of the stored value card without the limitations of physical prepaid cards but rather with built-in currency exchange that offer multi-currency capabilities.

Thus **intelligent digital wallets** now make more complex use cases simpler to resolve. Digital B2B payments are growing rapidly and now represent the bulk of payments made in business ecosystems as digital transformation touches nearly every business, no matter their industry or company size.

Digital wallet architectures enable payments to move easily within a global payments platform across borders, both corporate and international. Developers and business managers alike can create workflows and automate the movement of money from a remitter account to a beneficiary account based on business rules that facilitate direct wallet-to-wallet transfers that mirror each entity's business processes and organizational structure. This enables a payment to be sent and received instantly by each, and nearly as importantly, so that it's routed to the right destination within the organization. Anywhere the organization is within the business' ecosystem.

Each account can be structured with as many wallets as business requirements dictate and currency-specific wallets are created for as many separate currencies as each account requires.

### Instant, Secure and Connected Transactions

Intelligent digital wallets are contained within a payments platform to securely store an account-holder's payment assets alongside all the account's transaction information. By using stored-value digital wallets, users can send and receive payments instantly



through wallet-to-wallet transactions while easily transferring their assets to and from external accounts.

An additional benefit is that any account can store as many single-currency digital wallets as desired: US dollar, euro, pound, yen, etc. A multi-currency account then can complete a currency exchange between its wallets wholly within the account (and at much lower FX rates than traditional banks).

These digital B2B wallets can be embedded in any business application or platform within a business ecosystem to enable customers to pay and suppliers to invoice through wallet-to-wallet transactions completed fully within the platform. Account holders using the platform can then transfer funds into or out of the platform to their company or personal bank accounts or to other endpoints such as a Virtual Visa, Visa debit card or digital gift cards.

This combination of stored-value (funded) and in-platform FX creates a much smoother, nearly instant cross-border payment transaction at lower cost, offering greater transparency. The potential B2B use cases seem limitless and the ability to incorporate payment workflows within business applications relatively easy to accomplish. Whether these come as improvements to existing business applications and workflows or by adding new payments services to applications to increase revenue and customer retention, depends on the business. No matter the use case, the end user experience can be transformed with faster payments and greater choice in how they choose to receive payment.

Accounts on the global payments platform can fund their wallet to both send and receive funds to and from another wallet on the platform. Each transaction has a Remitter (payer) and a Beneficiary (payee). Beneficiary accounts are dynamically provided anytime a Remitter pays someone who does not already have an account.

### **Connected Accounts**

The payments platform must be flexible enough to enable a 'connected' layer to meet ecosystem realities. Enabling wallet-to-wallet payments completes the transactional aspects of a payment event on the platform but to capture key relational aspects often required in B2B use cases requires accounts to be 'connected' relationally.



Many use cases are very simple: paying someone -- a company or a person. The payee or beneficiary does not need to be connected in any way other than to receive payment and all the ancillary data that comes from the nature of a specific transaction. The remitter needs are relatively simple as well -- to know whom they have paid is as simple as a list of the beneficiaries and the specific details of each of their transactions.

However, ecosystem relationships are often far more complex than simple point-to-point payments. A **connected** account concept enables richer levels of payment management, reporting and security including View Only access to key stakeholders within Connected Accounts:

Connected Accounts			
Capability	Standard	Connected	Advanced Manager
<b>Connected Account Level</b>	Not connected. Limited visibility.	Connected. Additional view access to individual or company payees.	Connected and Managed. Allows for advanced management services.
Payments			
<b>Make Payments</b>	Yes	Yes	Yes
Payer*			
Allows a Company to view all payment activity related to their Company account and the Payee/Beneficiary related information.			
View Name	Yes	Yes	Yes
View Contact	Yes	Yes	Yes
View Location	Yes	Yes	Yes
View Linked Banks	Yes	Yes	Yes
View Admins (limited view)	Yes	Yes	Yes
View Admins (limited view)	Yes	Yes	Yes



Aggregating activity from multiple sources is a key tenet of the payments platform capabilities. Connected accounts enable data to be aggregated while leaving the funds in separate accounts and/or wallets as needed based upon specific business requirements.

For example, paying partner rebates or distributing co-marketing and co-selling development funds to partners or to authorized co-marketing suppliers creates a need to view all these connected accounts at both a summary and individual level.

Connected accounts allow authorized Company users to view payments made directly to partners or indirectly on their behalf to their suppliers in order to effectively manage and report on the program’s effectiveness.

Another example is when rewards are paid either directly to the Partner Company or the partner’s employees. When rewards are paid directly to partner employees for their performance related to selling a product or service, it necessitates a more tethered approach. To be properly managed, employee accounts are connected to the Company account giving the Partner Company’s administrator rights to view employee payments individually and in summary.

<b>Company Administrator View*</b>			
Allows a Company Administrator to view all payment activity related to their Company account and to the Employee accounts connected to the Company account.			
<b>Capability</b>	<b>Standard</b>	<b>Connected</b>	<b>Advanced Manager</b>
View Admin Names, Roles and Emails	No	Yes	Yes
View Wallet Balances	No	Yes	Yes
View Wallet Transactions (with restrictions)	No	Yes	Yes
View Company Profile and Identity Levels	No	Yes	Yes
View Employees	No	Yes	Yes
View Admin Names, Roles and Emails	No	Yes	Yes



The Connected Accounts concept also applies to **Manager Accounts**. Manager Accounts empower ISVs and other solution providers embedding the payments platform and APIs into their service offering to manage front-line support requirements for all the accounts and transactions under their management.

The payments platform is a multi-tenant platform, thus once an account is created it can be connected to as many Manager Accounts as it does business with.

<b>Manager Controls*</b>			
Allows a managing agency, ISV or XTRM partner company to perform functions needed to manage payments on behalf of their connected customers and perform front-line customer support.			
<b>Capability</b>	<b>Standard</b>	<b>Connected</b>	<b>Advanced Manager</b>
Link Bank for Connected Company	No	Yes	Yes
Delete Bank for Connected Company	No	Yes	Yes
Update Connected User Email	No	Yes	Yes
Update Connected User Employer	No	Yes	Yes
Submit Mass Payments for Connected Company	No	Yes	Yes
Edit Connected Company Logo	No	Yes	Yes
Set Connected Company Email Alert Recipients	No	Yes	Yes
Get Connected Company API Credentials	No	Yes	Yes
Get Connected Company Widgets.	No	Yes	Yes
Configure Connected Company SSO.	No	Yes	Yes
Customize Connected Company Alert Emails.	No	Yes	Yes
Submit Connected Company Advanced Profile.	No	Yes	Yes
Get Connected Company Funding Bank Details.	No	Yes	Yes
*Standard PII restrictions apply.			



### Multi-tenant, Multi-wallet Singular Accounts

The payments platform is a multi-tenant platform, thus once an account is created it can be connected to as many remitters and beneficiaries as needed and connected by any Manager Account with whom they have the need. And, given that each account is multi-wallet, both Company Remitters and Managers can create as many separate wallets within an account as needed to manage multiple programmatic needs,

An account may contain as many currency-specific, digital wallets as required to receive, manage and send funds based upon their business use cases

- Moving money between same-currency digital wallets within an account are unlimited and cost free
- Currency exchanges can be completed on the platform,, at low cost, within an account by sending money from one currency-specific digital wallet, e.g., USD to another currency-specific digital wallet, e.g., EUR.

The concept of a payment relationship is useful to manage payment transactions between remitters (payers) and beneficiaries (payees) and for managing access and visibility to related parties for reporting and compliance purposes.

In simplest terms, a payment relationship is simply the intersection of a digital wallet and a person or company profile.

- The wallet holds the value and defines the currency, e.g. \$100 USD.
- The profile details the person and company and defines the ownership status and/or the level of access that a person or company may have based on administrative rights conveyed to them.

For example, a Beneficiary has a detailed profile with information needed to facilitate KYC and AML compliance, tax reporting requirements as well as having the ability to complete a currency exchange between currency-specific digital wallets within their account and to transfer funds out of their digital wallets to external endpoints -- their local bank, Virtual Visa, Visa Debit, digital gift cards, etc. Meanwhile the transaction -- and some limited details from their profile -- may be viewable by a connected Company and/or a connected Manager Account acting on behalf of that Company.



Using channel partner payments as an example, many firms are connected to the multiple channel ecosystems of major IT vendors. Meanwhile each of these IT vendors may outsource partner payment management to one or more external payment distribution providers. Each provider, in turn, would have a Manager Account to manage payments on behalf of the IT vendor(s) that the provider is servicing. Since a Company Account is singular, the IT vendor, although one Company Account, might, in fact, have separate wallets managed by separate service providers.

A more common occurrence, however, happens at the payee level as many IT channel firms participate in multiple IT vendor marketing programs and promotions. Each IT vendor can be connected to many specific channel firms, but its access/view privileges are, of course, limited to those transactions with which it has a payment relationship.

### Managing Accounts Using Administrative Rights

Every user on the global payments platform has an Account: Personal, Company or Manager.

Every Account includes User Profiles: Company User, Personal User or Admin User -- Master, Manager or Standard.

Company and Manager accounts may also create additional Administrative Users to enable proper management, oversight and control.

Account Type	Active Administrative User Access
<b>Company:</b> Global account for company to accept and send payments.	<b>Master:</b> Highest level of administrative access including the rights to create, set and suspend Admins and access levels as well as delete Admins within account.
<b>Personal:</b> Individual account for personal	<b>Manager:</b> Similar to Master but for a subset of rights to create, set and suspend Admins and access levels.
<b>Manager:</b> Agency, ISV and Partner managing downstream customer accounts	<b>Standard:</b> Lowest level of administrative access as set by Master or Manager. Each right assigned is optional and can be as limited as View Only.



Administrative User Access is controlled by the Master Administrator. All Administrator functions other than Deleting an Admin User may be delegated to Manager level Administrators to allow service providers and/or Companies to control feature-by-feature controls to contour the controls to meet their organizational needs and optimize workflows

<b>Administrative User Access</b>				
<b>Capability</b>	<b>Master</b>	<b>Manager</b>	<b>Standard</b>	<b>Suspended</b>
<b>Administrative Controls</b>				
Delete Admins	Yes	No	No	No
Create, Set and Suspend Admins and Access Levels	Yes	Yes	No	No
Create Programs	Yes	Yes	Optional	No
<b>Financial Controls</b>				
Fund Wallets	Yes	Yes	Optional	No
Send Funds (Wallet-to-Wallet)	Yes	Yes	Optional	No
Transfer Funds (Withdraw)	Yes	Yes	Optional	No
Currency Exchange	Yes	Yes	Optional	No
Link Banks	Yes	Yes	Optional	No
Create & Edit Claims, Beneficiaries, Connected Accounts and Wallets	Yes	Yes	Optional	No
<b>View or View Only Access</b>				
View Claims, Reports, Beneficiaries, Connected Accounts and Wallets	Yes	Yes	Optional	No



### Summary

An intelligent global payments architecture is parts software, including stored value digital wallets, connected and managed account capabilities, and parts automated business process, including built-in currency exchange functionality, all combined to provide an all-inclusive payments capability that complements its ability to send/receive payments using its digital wallet architecture with robust security, automated KYC and AML compliance rigor, and accessible data for tax reporting including automated 1099s.

Payments expertise per se isn't required to embed payments capabilities into ecosystem platform technologies and automation software using an intelligent payments platform and APIs.

But understanding the challenges unique to managing global business ecosystems is critical to designing and implementing solutions that meet the regulatory, compliance and tax reporting requirements of an ever evolving business ecosystem. The promise of a better user experience, more resilient payment processes and happier customers is too great to pass up for savvy ISVs and service providers seeking to expand the capabilities of the ecosystems that they have created and to embed themselves more fully in the ecosystems they serve.

