

With Mobile Payment becoming the New Hot Industry as Consumers become more secure in Conducting Financial Transactions using their Phones, Paydiant, Inc. is Positioned for Growth offering a White Label Approach to Retail Banks and Retailers

**Business Services /Software  
Mobile Payment/Wallet**

**Paydiant, Inc.**  
40 Walnut Street  
Wellesley, MA 02481  
781-591-3300  
www.paydiant.com



**Chris Gardner  
Co-Founder**

**BIO:**

With 20 years in high-technology marketing and product management, Chris' background spans a variety of technology areas including mobile payments and marketing, e-billing and payments, digital media, customer self-service, document management and speech recognition. Most recently, Chris was the CMO at ExtendMedia, a digital media content delivery and commerce platform software company that was acquired by Cisco in 2010. Prior to that, Chris was the SVP of Products and Marketing at m-Qube, North America's leading premium SMS mobile payments provider that was acquired by Verisign in 2006. He

was also the Vice President of Products and Marketing at edocs, Inc., an e-billing, payments and customer self-service company that was acquired by Siebel Systems. Chris' first foray into mobile began in 1998 when he joined the founders of OmniBrowse, Inc. as the VP of Marketing, and led the launch of its wireless portal that provided real-time data services to wireless devices. OmniBrowse was sold to Microsoft and became part of MSN Mobile. Chris also served as Product Manager for internet technologies at PC DOCS, as a product manager at Gartner Group and as Corporate Communications Manager at Dragon Systems, a leading speech recognition technology provider. Chris received a Bachelor of Arts in Communications from the University of Massachusetts at Amherst.

**About Paydiant, Inc.:**

Paydiant offers a cloud-based, white label mobile wallet solution to merchants, banks, and payment processors. Its white label approach enables these entities to deploy and manage their own mobile payment, offer management and offer redemption solution, under their own brand, without involving new third parties. It also preserves the opportunity to create new revenue streams from highly targeted mobile ads and offers.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFO Magazine**

**CEOCFO:** Mr. Gardner, would you tell us the concept at Paydiant?

**Mr. Gardner:** Paydiant designed a white label mobile wallet platform that

lets retailers and banks launch their own mobile wallet, rather than letting someone else do it; and by that I mean folks like Google or Isis or PayPal. What we have found is that banks and retailers very much want to keep their consumers within their own mobile applications for doing things like paying for things, rather than letting other third parties do that and disintermediate their customer relationships.

**CEOCFO:** What is the competitive landscape? Are many companies today in your space or trying to get into your space?

**Mr. Gardner:** Oh gosh yes! It is one of the hottest spaces in existence right now. There have been some estimates that there are well over a hundred different startups tackling this space, but there are certainly some well known companies out there tackling it as well. I have already mentioned a couple: Google, and Isis which is a joint venture of AT&T, Verizon and T-Mobile. Most of the large payment networks are getting involved too including Mastercard and Discover. Paypal is in this space too, so there is certainly no shortage of folks trying to tackle this.

**CEOCFO:** What do you know or what have you figured out at Paydiant that is better, faster, cheaper, easier?

**Mr. Gardner:** Good question. The main thing is what I said upfront. We are taking a white label approach to the market. Everyone else that is going after this space really wants to be the next Visa. They want to be the new sticker on the door that tells you how you can pay. The people that ac-

tually have the customer relationships, that is retail banks and retailers, do not particularly like that scenario. They have invested billions of dollars in their own brands and would prefer to keep that close customer relationship. We are fundamentally different because we are the only guys out there that are selling a piece of software technology on a hosted software platform that banks and retailers can use to do this themselves while still getting all of the benefits of the mobile wallet. That is the biggest difference between us and the other guys. At the moment, we are the only game in town taking that approach.

**CEOCFO:** Is it that people have not thought of it, or that it is the difficulty in getting set up and running technology-wise?

**Mr. Gardner:** It is a little bit of both. The payment industry is an incredibly complex space with numerous stakeholders. Just the simple act of swiping your credit card passes through many, many hands on the way to completing a transaction. That complexity makes it very difficult to build a business model that makes sense. A lot of people just take the approach of rather than doing the hard work, why not “just run everything through me and I will keep it simple for you!” Of course, when you are talking about someone like Google that is highly interested in getting their hands on customer data generated by the mobile wallet for advertising purposes, that type of solution is less attractive.

**CEOCFO:** What types of companies are using your services today?

**Mr. Gardner:** We have relationships with a number of very large banks including: Bank of America, Capital One, BarclayCard and three more that we cannot yet announce. There are also a whole host of retailers that we will be announcing over 2013. We have made a lot of progress. Again, primarily because even if the Googles and the PayPals of the world get some traction, what has become clear is that merchants and banks also want their own solution. And right now, we are the leaders in that space. We are get-

ting traction with very good companies.

**CEOCFO:** How do you reach potential customers?

**Mr. Gardner:** Right now we are going after the biggest of the big, and it is a short list. There are maybe a thousand interesting companies to talk to for us in the near-term. We know who they are. This is our third payments company, so we are well connected in the industry, and in general, we do not have to rely on traditional demand generation activities. It is more picking up the phone and talking to people that we know already.

**CEOCFO:** When do they get it? What is the ‘aha’ moment when a company says, “Gee, this is a better way to go”?

**Mr. Gardner:** It sounds weird, but the

**“The ‘aha’ moment has been the emergence of big competitors that do not have the best interests of these other stakeholders - banks and retailers - at heart. Rather than trying to disrupt an entire industry, we are in the business of letting the existing stakeholders take advantage of this fundamental shift and how people pay for stuff.”**

**- Chris Gardner**

‘aha’ moment was really once folks like Google launched their services. Banks and retailers immediately realized, “Wait a second! Google is a threat to my business. They are an advertising network. They want my data so they can sell it to my competitors!” We kind of joke internally that we’re in good company with some of these other players entering the market. Because of their size, they generated a lot of press, but people very quickly understand the implications of what it means to have somebody close my Bank of America app and open the Google app in order to pay. The ‘aha’ moment has been the emergence of big competitors that do not have the best interests of these other stakeholders - banks and retailers - at heart.

**CEOCFO:** How do you ensure ease of use? Almost everyone I speak with and every place I go—web, mobile—talks about how easy their solution is to use, and quite often they are really

not. How do you make it work as seamlessly as possible?

**Mr. Gardner:** We have spent an enormous amount of time on that, and we think that the way we let people pay for things with their mobile phones is one of the easiest methodologies out there. We have spent a lot of time building, prototyping, and testing it with real live users. In the mobile payments business we are still in this kind of extended phase of test and learn where people are rolling it out to consumers, getting feedback, understanding what works and what does not work, and going back and addressing. But we have already been doing that for two years and we have learned an enormous amount. The right way to do it is to put it in the hands of real users and get their feedback and then address that feedback.

You cannot just bet on one approach and assume it is going to be the right one. You have to test it and get the feedback, and you have to address it.

**CEOCFO:** You mentioned other ventures, what are the one or two most important things you have learned from previous experiences that are most relevant here at Paydiant?

**Mr. Gardner:** It is funny, we call ourselves a ‘white label’ mobile wallet provider. This is the second time for us, in fact a third time for me, tackling an industry using a white label approach. My partners and I all worked at a company called edocs starting back in 1998 or so. What we built back then was a white label online billing and payment platform that helped people pay their bills online. Back then of course, not everyone had broadband, let alone the ability to pay bills online. But what emerged way back then was an industry where all of these big companies emerged and Microsoft created an online bill aggregation site called TransPoint, and Check-Free? emerged and said, “Hey, everybody is going to go to one site to pay their bills. We are going to aggregate all of that data and let people come to one site to do all of that stuff.” What we recognized back then was, “Wait a second—I do not think that Verizon

Wireless wants their hundred million users to go to another site to pay their bill. We think that is a very valuable customer interaction.” So we launched a white label online billing and payments platform and did very well. We ended up selling the company to Siebel Systems, and that solution is still sold today. AT&T, Verizon, American Express, and many of the largest billing companies in the world were our customers, and it was because of our white label approach. We absolutely have taken those learnings and replayed them again in a very, very crowded space.

**CEOCFO:** When did you actually start Paydiant?

**Mr. Gardner:** The company formally launched in February of 2011.

**CEOCFO:** What is the financial picture like for you today? Will you be looking for additional funding as you continue to roll out?

**Mr. Gardner:** We are a venture-backed company. We have raised nearly \$25 million dollars to date, and depending on the trajectory of the company, we may raise more money. It all depends on the trajectory of the business and all of that, but it is part of what it means to be a venture-backed company. We have plenty of gas in the tank, as they say, right now, but at some point we may be looking for additional funding.

**CEOCFO:** What was the most difficult piece of technology to put together for your offering? What was the biggest challenge?

**Mr. Gardner:** There are a number of different things that we worked very, very hard on, and we recently had a very broad and detailed patent issued on our approach. One of the things about the payment industry is it touches lots of different pieces of technology. We have technology that needs to run on the mobile phone. We have a hosted transaction management platform which has to be massively scaled to support millions to trillions of transactions at some point. But we also had to build software into the point of sale; those payment terminals that you swipe your card in at retailers. We had to build software for that.

Rather than say that there is any one piece that is the most complex, I think the complexity is the many different pieces we had to develop to interact with.

**CEOCFO:** Security: always an issue, ever an issue. How do you reassure people that your best efforts are really good enough?

**Mr. Gardner:** We are uniquely confident in this regard. We have literally spent millions of dollars on security and compliance. One of the other ways in which we are very different from the other providers is that we are what is known as a cloud based payment platform. What that means in our context is we do not put the card number on the phone and we do not pass it through the point of sale. In fact we remove any kind of private consumer information from the transaction altogether. Our approach is vastly more secure than the way people typically pay today which is swiping a card, and in fact much more secure than most mobile wallet offerings out there. Clearly we have to do things on our side in order to be secure. We are PCI Level 1 compliant. We go through the same level of PCI audits and security regulations as the largest retailers and banks of the world do. We remove all of that complexity from our retail and bank customers. We are super confident in our approach there and just the fact that some of the largest banks in the world have selected us supports that.

**CEOCFO:** Do consumers understand the difference, or is that something the banks or the retailers need to educate people on rather than Paydiant?

**Mr. Gardner:** In general, there is a growing understanding that paying for something with your phone can be secure. Consumers in general are getting more and more comfortable doing more and more things with their phones, from logging into their mobile banking application and transferring money and even depositing checks. Instead of going to the ATM, they just scan them with your phone. In general, I think there is a growing comfort level on the consumer side with conducting financial transactions with your phone. But at the end of the day, it will

be proven by the results. You probably remember in the early days of e-commerce, you could not open a magazine without reading some article on the security concerns of entering your card number on a website. Now, of course, it is a fundamental way of doing business. The same thing will happen on the mobile side. It does require us to relate to our customers, and in turn, to the end users, how our approach is uniquely different than some of the other ones out there. It is certainly the case that some of these early ones that are out there are slightly insecure.

**CEOCFO:** Our readers are primarily in the business and investment community; always looking at partners, services, ideas, etc...Why should people be paying attention to Paydiant? What makes you a special company?

**Mr. Gardner:** There are a number of things. One is that this is an entrepreneurial team. This is our third payments company. We have a lot of experience in the area. We have Tier 1 investors in the company. We have early traction with some of the largest companies in the world. There are lots and lots of two guys in a garage startups tackling this space, but we are certainly among the elite few with an established team, tier 1 investors, and very, very impressive early customers that have made bets on us. It is typical when you do business with a smaller company you really want to look at the team and the track record. I think in this case, it speaks for itself. The other thing is that rather than trying to disrupt an entire industry, we are in the business of letting the existing stakeholders take advantage of this fundamental shift and how people pay for stuff. Rather than going in and saying, “Hey, we are going to eliminate Visa” or “We are going to be the new wallet in the sky”, what we are saying is, “Hey Bank of America”, or “Hey Kohl’s” or “Hey Subway, you guys can control this new way of paying and managing offers and generating new revenues without depending on someone else do it.” We are an experienced team with a track record, but we are also trying to enable the existing stakeholders instead of eliminating them.



**Paydiant, Inc.**  
40 Walnut Street  
Wellesley, MA 02481  
781-591-3300  
[www.paydiant.com](http://www.paydiant.com)