



WHY EVERY ISV SHOULD HAVE A PAYMENT INTEGRATION STRATEGY

PARTNERING WITH A PAYMENT PROCESSOR TO INTEGRATE PAYMENTS DIRECTLY INTO YOUR SOFTWARE SOLUTIONS CAN HELP YOUR BUSINESS ACHIEVE GROWTH GOALS AND EXPAND TO NEW MARKETS.



INTRODUCTION

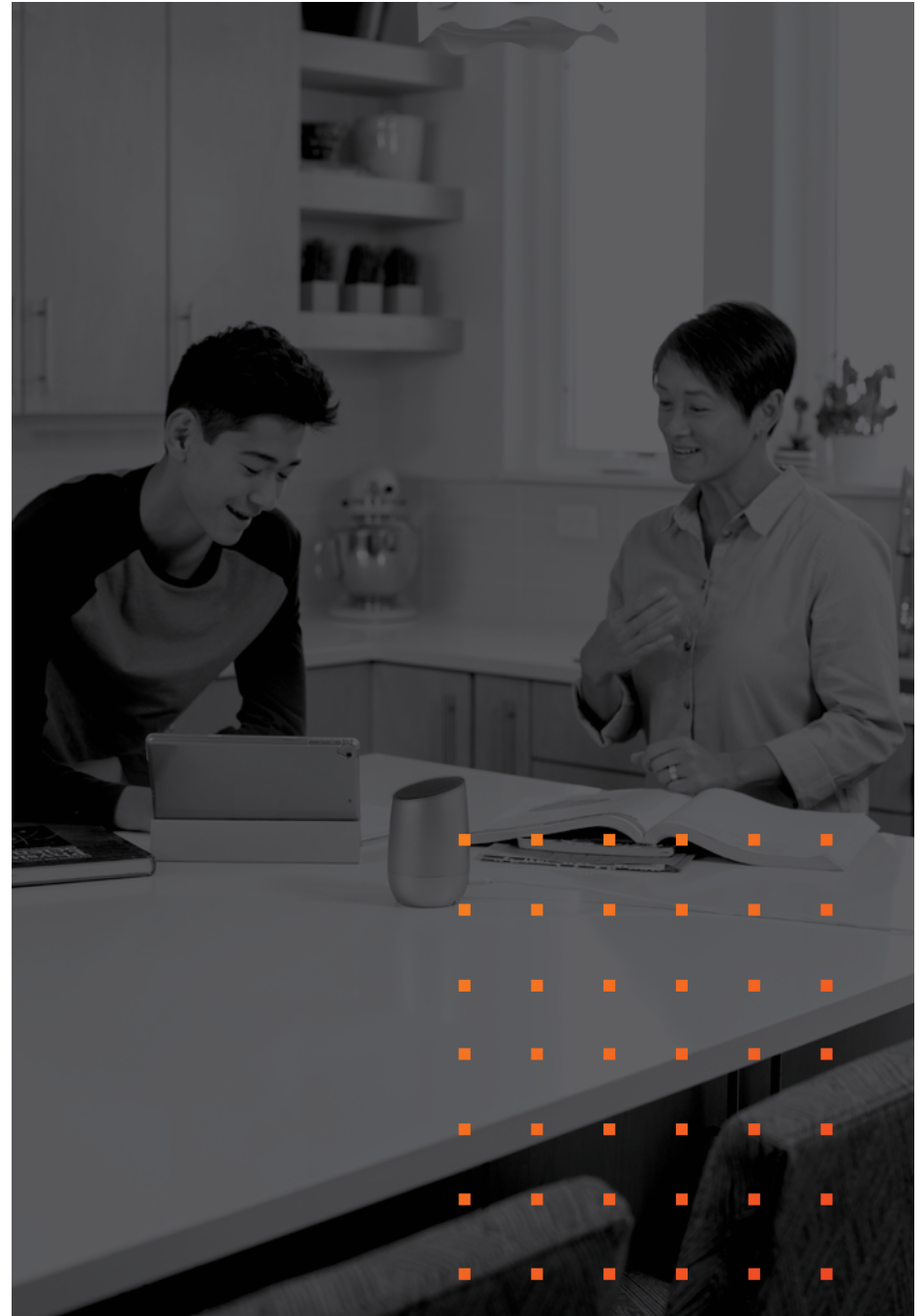
Before the creation of money, people bartered for goods and food. This practice evolved into the use of metal coins, then paper money. Technological developments led to bank accounts and credit cards, which has since grown to include mobile wallets and numerous other digital options for making and accepting payments. Though this evolution occurred over the span of centuries, the payments industry has seen astronomical growth over the past decade alone.

Keeping up with changes in the payments industry can be a dizzying endeavor with new providers, platforms, and payment tools continuously being launched to meet growing consumer needs. Retailers and other businesses were forced to adapt quickly in order to keep pace.

More and more, the payments industry is shifting away from physical money and leaning more towards various forms of digital payments. In fact, it's predicted that by 2025, 75% of all transactions will be made without the use of cash — a statistic too large to ignore.

All businesses and organizations should be aware of these changes in regards to payments, particularly independent software vendors (ISVs). Are you associated with an ISV? This eBook is packed with payment information tailored specifically to ISVs that might prove helpful for your business.

This eBook will go on to discuss the relationship between ISVs and payments, and how the two industries work together. With a deeper understanding of payments, you can improve your product and how it serves customers. Let's begin.



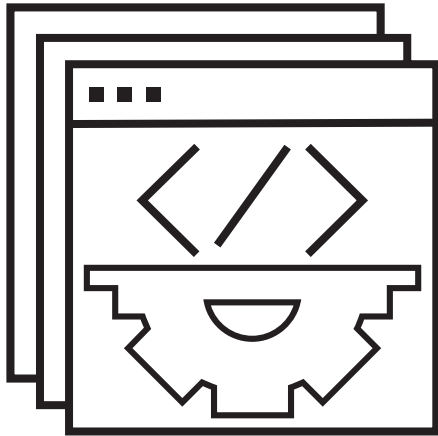


WHAT IS AN ISV?

An independent software vendor (ISV), sometimes referred to as a software publisher, creates and sells software products. These products are designed with a specific need in mind, often cornering niche industries and markets. Once an opportunity is uncovered, an ISV can design and build an application aimed at solving a particular problem.

For example, an ISV might produce software geared towards managing human resources efforts or facilitating data migration. The products developed by ISVs run the gamut, from basic utilities applications to enterprise-level process applications like CRMs and automation tools.

Like with any software, products created by ISVs will need the appropriate hardware to run on, which most often is simply a desktop computer or mobile device. Companies that make computers and various platforms (such as Microsoft, Apple, IBM, Hewlett Packard, etc.) generally work to support the software and applications made by ISVs. Why? Because when their platforms are able to support a greater number and variety of applications, they become more valuable to customers and other end users.



HOW ARE ISVS EVOLVING?

Technological advances are made so quickly that it can be hard to keep up with changes. ISVs, and the software they produce, evolve with the industry as it morphs and grows. And more and more ISVs seem to pop up as demand increases.

In 2008, about 10,000 ISVs were in business worldwide. That number grew to about 100,000 by 2018. It's predicted that by 2027, there will be a million ISVs working to produce highly customized software.

As you can see, the ISV market contains a vast number of players. Each of them has to navigate emerging technologies, niche markets, customer sophistication, and keeping a competitive edge in order to thrive in the industry. How are ISVs evolving to keep pace?

One of the major changes we've recently seen in the industry is the integration of cloud-based services. The days of customers installing software directly onto computers are ending, largely because the rapid advancement of technology and shorter software release cycles were causing a short product shelf life.

Delivering software via cloud computing, or on a software as a service (SaaS) basis, is becoming the new normal for ISVs. Cloud-based software allows for scalability and more mobility, which is crucial with the growing adoption of mobile devices. With cloud-based software, customers can access what they need from anywhere, at any time.

Much of the software created by ISVs involves the payments industry as well. For instance, consider management software for a dental office that staff can use to schedule appointments, maintain patient records, and accept payments. That particular software, along with all similar software, would need the functionality required to process payments.



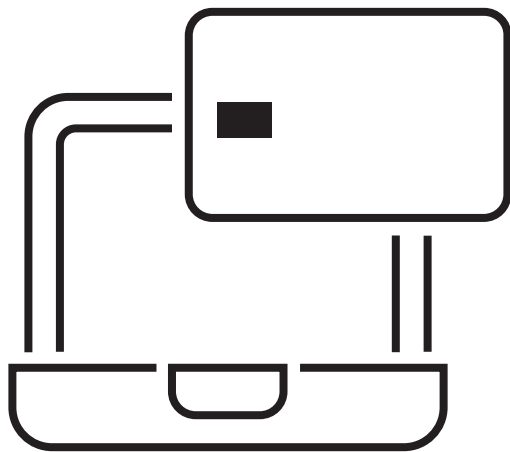
HOW DO PAYMENTS COME INTO PLAY?

Sales used to only occur in-person and on desktop computers, but that's no longer the case. People now pay on various devices with an array of possible payment methods. The direction the industry is headed demands an integrated solution that provides payment flexibility.

Many ISVs have positioned themselves to be the frontline for merchants and their customers. However, payment processing is a complex endeavor and software companies are generally unequipped to handle that piece of the puzzle. Especially since disruptors like EMV and eWallets, in addition to growing security mandates, continue to change the payments landscape.

Navigating payments can be tricky, so many ISVs are seeking partners to help them add that component to their software. The assistance of a payment processor helps save time and money in the effort to find the optimal payment solution, which can differ between target industries.

This trend of ISVs partnering with payment processors has set up the ISV community as a key contributor in defining what happens next in the payments industry.





WHY IS HAVING A PAYMENT INTEGRATION STRATEGY IMPORTANT FOR ISVS?

In the past, it was enough for ISVs to make powerful software applications that filled a need. But software, technology, and payments have been intersecting at a quicker pace in recent years. Demand now dictates that payment tools be integrated into these software products.

How important is this growing demand? Industry experts predict that ISV-based payments will reach \$4.4 billion by 2021. With numbers that high, any stragglers might get left in the dust.

Staying in the game requires ISVs to develop and implement a payment integration strategy. This involves planning how payment acceptance will fit into your product, with consideration of how people expect to pay. When well executed, integrated payments allow users to process, reconcile, and record all types of payments right in the application's interface.

This enhanced functionality can set you apart from the competition and can even lead to increased adoption of your solution and, in turn, pave the way for revenue growth.

Many ISVs aren't terribly familiar with the payments industry, yet they're expected to be a jack of all trades. Fortunately, you don't have to figure it out on your own. Partnering with a payment solutions provider gives you access to the technology and support you need to integrate payments into your product, without the need to overhaul your entire IT infrastructure.

THE BENEFITS OF WORKING WITH A THIRD-PARTY PROCESSOR

Partnering with the right payment processor has great potential for opening doors to revenue-generating benefits for ISVs. Like with any third-party vendor, the reason to seek such a partnership is because they can offer something that is beyond your own resources. In this case, ISVs are good at developing software to fulfill particular needs within various industries, but oftentimes they are not skilled in the payments sphere. That's why bringing a payments partner on board to handle the complexities of the industry is often a wise decision.

A few benefits of partnering with a payment processor include:

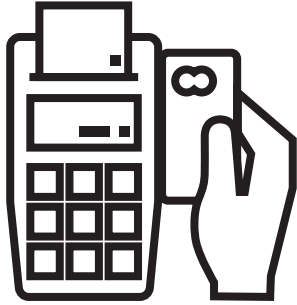
Convenience: If your ISV doesn't have extensive knowledge or experience in the payments industry, why redirect your focus? It's simpler to partner with a business that is already well-versed in payments.

Without a partnership, you would need to invest exorbitant amounts of time and money into education, servers and other hardware, compliance certification, and manpower. However, forming the right partnership allows you to add payments without taking time away from what your business excels at...developing outstanding software solutions.

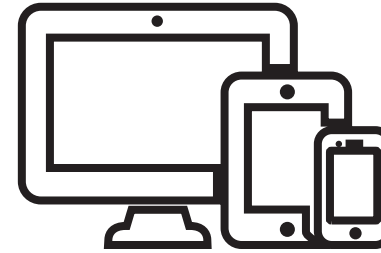
Borrowed infrastructure: Successful payment processing requires the appropriate infrastructure in place to handle the intricate job. And all of these systems need to adhere to strict security protocols that must be annually inspected and/or upgraded. A third-party vendor will already have this infrastructure in place, ready for you to take advantage of its functionality.



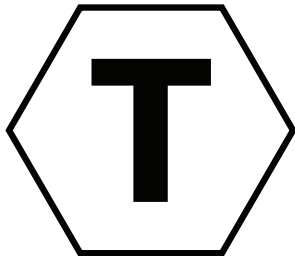
A few things to look for while seeking a partner include:



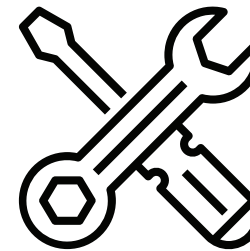
Compatibility: Software should be optimized in order to seamlessly integrate with payment systems, which might include both point-of-sale and digital methods of payment. The more payment methods available, the more customers are likely to be satisfied.



Security: Protecting payment data should be a high priority for any payment processor you partner with. If a customer using your software experiences a data breach that affects payment data, the fallout could be detrimental — in both cost and damage done to your reputation. Look for a PCI-compliant partner that offers security measures like end-to-end encryption and tokenization. Learn more about security in our eBook, [The 4 Security Musts in Payment Processing](#).



Flexibility: Technology changes so rapidly that as soon as the “next big thing” is introduced, your software and/or payment options might already be outdated. Creating software that is adaptable to potential future needs, and working with payments providers with the same mindset, is in your best interests.



Customization: Ideally, the partner you select will offer various developer APIs that allow you to integrate better payment processing solutions. The ability to quickly integrate code helps get your software client-ready faster.

Picking the right partner can take some time, but it's worthwhile for the opportunity to work with a trusted partner that supports your business' goals and efforts.



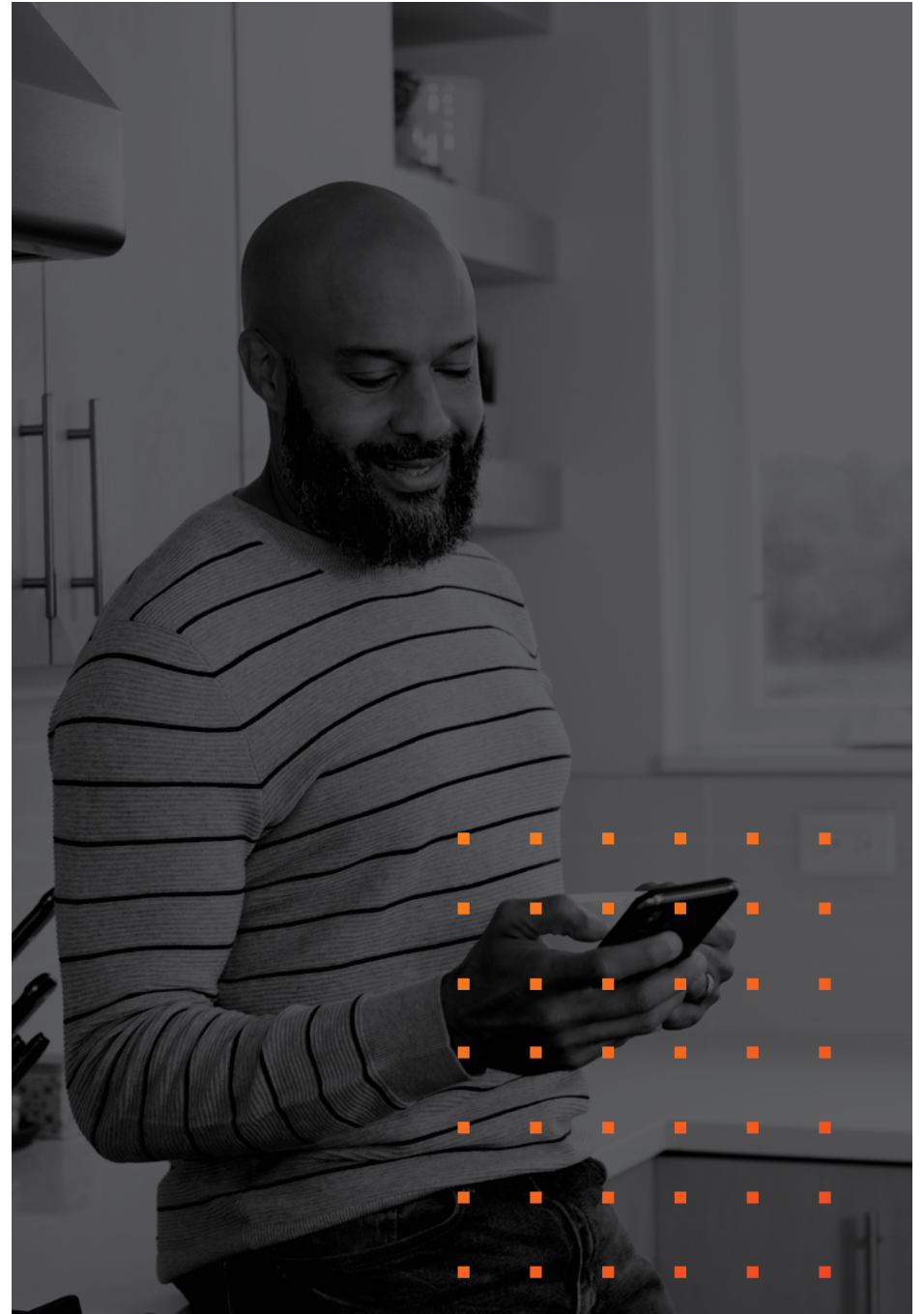
STRATEGY PAVES THE WAY FOR FUTURE GROWTH

Growth — in revenue and other measures of success — is a common goal for every business. It's a goal that requires strategy and planning, providing steps to work towards each achievement. There's no exception when it comes to a payment integration strategy.

Since the payments industry is rapidly evolving, strategizing for potential future changes can help your business flourish. Your payment integration solutions should be flexible and scalable, allowing for more options in the future like new methods of payment or higher transaction volume. A payment provider that offers developer-friendly solutions makes it easier for your team to quickly adjust to industry changes and shifting consumer preferences. Faster adaptation gives you a competitive edge over other businesses that might be unprepared.

Integrating scalable payment solutions is also known as future-proofing. It's a practice that helps your business anticipate the needs of clients who use your software to run their own businesses, as well as the needs of their customers.

Future-proofing can be done with the assistance of your payments partner. The staff there should have a deeper insight into the world of payments and the emerging trends that help dictate where the industry is heading. The support team of your payment provider can be an instrumental resource in this area, helping you shape and develop your strategy well beyond implementation





THE CHALLENGES OF GOING WITHOUT A PAYMENT INTEGRATION PARTNER

You might be wondering why your ISV can't simply develop its own payments solution since it's already developing the software that houses payment integration. But there's nothing simple about it. Building a business that securely processes payments is no easy feat. That's why you see ISVs and other organizations turning to businesses that specialize in payments.

Without the assistance of a payments partner, you'd be left to develop the complex technology and networks required for payment acceptance. This endeavor would include:

- Deciding which payment services to offer, then creating the means to support them.
- Finding the capital required to build out those services and hire additional staff members.
- Planning out pricing for payment processing services.
- Partnering with banks and/or other financial institutions to underwrite transactions and handle bank routing.

Many more steps beyond this list go into building secure payment processing from the ground up. One big step that requires a plan of action is PCI certification.

PCI COMPLIANCE AND SECURITY

When people complete transactions, they expect their payment data to be protected in the process. It's a new demand that arose with the age of digital payments, data breaches, and credit card theft/fraud.

PCI security standards were created as a guide for best practices in payment security. Certified payment processors are required to adhere to strict security protocols, letting you know that they're using the most modern methods of encryptions and other security technologies.

However, getting certified requires extensive documentation, inspections and audits, fees, and annual renewals. The process is technical, time consuming, and costly. Without a payment partner, PCI compliance could prove to be a burden beyond your means.

Fortunately, with the help of a payments partner, setting up the infrastructure, skilled team, and compliance protocols are already handled by industry professionals.





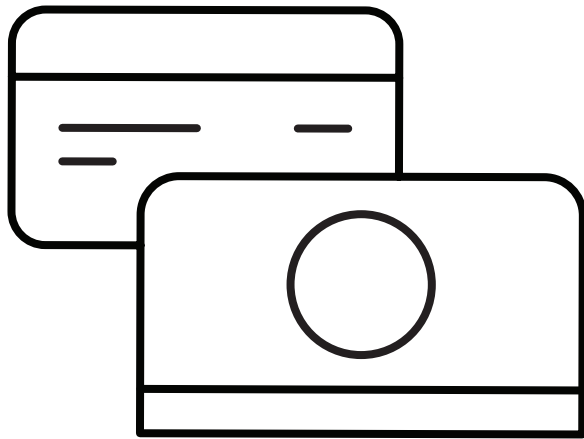
CONCLUSION

Many ISVs are seeing a growing demand for their software to handle payments, creating the need for them to develop a payment integration strategy. Software that has the appropriate payments solution in place is more likely to meet customer needs and stay in competition.

However, the world of payments is complex. The initial expense, maintenance costs, regulatory compliance, and customer support of setting up such an endeavor is generally much more expensive than paying to use an external payment gateway.

Fortunately, you can remain focused on your software solutions and leave payments up to a third-party vendor, like CSG Forte.

CSG Forte specializes in payment processing solutions that can be used in-person, online, and on-the-go. We also have a well-defined partner program designed for ISVs like you. You're invited to watch our Buildium customer story for an example of how you can build success when integrating CSG Forte payment solutions.





WANT TO LEARN MORE?

Visit our website or call us at 866-290-5400 for more information about payments integration and to learn how you can get started today.