

White paper

Unlocking the full value of embedded payments

A how-to guide for SaaS platforms

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Executive Summary

Market Opportunity

The convergence of payments and software platforms is driving significant revenue opportunities, with SMBs increasingly preferring software platforms for payment solutions. However, SaaS platforms face challenges rolling out branded payments solutions effectively.

Real Insights

Based on interviews with SaaS platforms, this guide highlights the importance of designing customised payment journeys, and integrating payments seamlessly into the software environment. In order to do this, it is critical to select the right payments partner.

Strategic Recommendations

The guide provides actionable steps for SaaS platforms to size the payments opportunity, design a compelling offer, and launch and scale their payments services, while managing ongoing performance and customer engagement.

Challenges in Current Solutions

Existing payment solutions often lack flexibility and optimisation, leading to low customer satisfaction and adoption. API led integrations are resource hungry and can be cost prohibitive. There is a need for a new generation of embedded payment solutions that are fully managed and integrated.

Key Success Factors

Success in embedding payments requires creating a compelling “Better Together” payment experience, positioning payments as a default part of the software package, and consistently engaging users.

Foreword

SMBs want to use their software platform's payments offering

At PSE Consulting, we have been working with software companies on their approach to payments for the past 10 years, but the recent rapid convergence of the payments and software worlds has been fascinating to watch. The past few years have seen a sea change in how merchants want to consume their payment services both here in the UK and across the EU and US. Merchants have a clear interest in switching to software platforms away from traditional payments providers. 70% of SMBs across Europe and the U.S. say they would use a software platform's payment solution when they next change suppliers.

The success of large SaaS US leaders in embedded payments have shown the UK SaaS market that it's possible to drive significant revenues from payments. However, our research highlights that the biggest constraint in the market is not merchant demand, but SaaS platforms' ability to sell payments.

In the UK 51% of SMBs take an embedded finance service when offered (versus 53% in the US). However, in the UK, less than a quarter of merchants tell us that they have received an embedded finance offer, while in the U.S., the figure is over 60%. UK software platforms are looking for more help in making a compelling offer to merchants which is why we were interested in working with Unipaas to listen to Software Platforms, to understand their journey in payments, and create a how to guide that helps software firms be more successful with payments.

A hurdle for SaaS platforms: selling payments

The software platforms we spoke to told us how much hard work is involved with creating a compelling payments proposition. In many cases they have gone through all the effort of setting up commercial relationships with a PSP, investing in the technical and integrations, but still only achieved 15-20% attachment rates.

As outlined in this how-to guide, success comes from addressing customer needs, and then proactively engaging them with a focussed effort that explains the benefits delivered by payments. First there is a need to a compelling "Better Together" narrative between software and payments that explains why an integrated offer is better than standalone alternatives. Then the software companies need to position payments as a default part of their package, with regular customer engagement to drive ongoing use.

Combining software and a payments offering drives success

We were very pleased to support Unipaas in bringing the market's lessons learned together in this how-to guide. We hope this guide, alongside Unipaas's passion for software success, will help software players capitalise on the rapidly expanding payments opportunity.

Chris Jones, Managing Director PSE Consulting

Research methodology

Detailed interviews and questionnaires that focussed on commercial models, areas of constraint, integration activity and overall lessons learned.

Verticals

- Accountancy
- Education / Nursery
- Health
- Property
- Salons
- Sports / Leisure Club Management

Companies & Interviewees

- Business software providers whose proposition confirmed they had a payments offering. Some payment solutions were embryonic whilst others were well established.
- Senior decision-makers within the software businesses (founders, CEOs, CPO's, heads of payments, etc.)

Focus Areas

- Description of payments solution journeys to date
- Measuring success with specific focus on ROI
- Key challenges
- Understanding customer requirements
- Partner selection
- Integration approaches
- Selling the solution – teams, skills required and approaches

Sample study partners



Unlocking value

A three-step journey

1 Size

Sizing the Payments Opportunity

- Identify the payments revenue opportunity
- Choose the right partnership model
- Tailor your proposition to your target audience

2 Design

Designing a compelling Payments Offer

- Build a “Better Together” value proposition
- Choose the right payment options
- Embed payment journeys in your brand and user flow
- Drive value through unified reporting and reconciliation
- Build pricing packages

3 Launch & Scale

Launching & scaling a Payments Offer

- Optimise payment Integration
- Get onboarding right
- Set up risk controls
- Promote the offering and drive adoption
- Monitor usage and measure performance

Unlocking value

A three-step journey

1 Size

Sizing the Payments Opportunity

1

Size

Sizing the Payments Opportunity






The payments revenue opportunity

Multiple examples have demonstrated that when payments are fully embedded into the software solution, the contribution to overall revenue is significant.

Internal and external stakeholders increasingly expect payments to be an integral part of a SaaS offer and business model.

Multiple high-profile examples have demonstrated how payments can be a major driver of revenue and ongoing company values.

*SOURCE: Company Websites

Company	Sector	Payments & Fintech Revenue	Other Revenue
 toast	Restaurant	87%	13%
 shopify	Retail	74%	26%
 MEWS	Accommodation	73%	27%
 GLOSS GENIUS	Beauty	60%	40%
 MINDBODY	Fitness & Wellness	50%	50%

1

Size

Sizing the Payments Opportunity

The payments revenue opportunity

Our UK Research shows that the SaaS market is primed for embedded payments acceleration.

There is already clear demand for embedded payment services

87%

of UK SMBs are interested in taking an embedded SaaS payments offer in the future*

51%

of UK SMBs who were offered an embedded SaaS payments service took it*

*SOURCE: PSE & TSG International SaaS research 2024

Businesses are seeing positive impacts on their core SaaS model

- **Up to 10x ARPU***
- **Reduction of churn**
Up to 5% through product cross holding
- **Added differentiation**
Only 22% of small merchants have received an embedded payments offer*
- **Cross sell potential**
Up to 85% of SaaS providers' new customers now take payments

**SOURCE: UBS Software research Sept 2024

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“We are impressed by how the combined payments and SaaS proposition has made our core software sales process more effective”.

Payments Channel Director

Large multi-vertical software company

*SOURCE: Unipaas SaaS Survey 2024

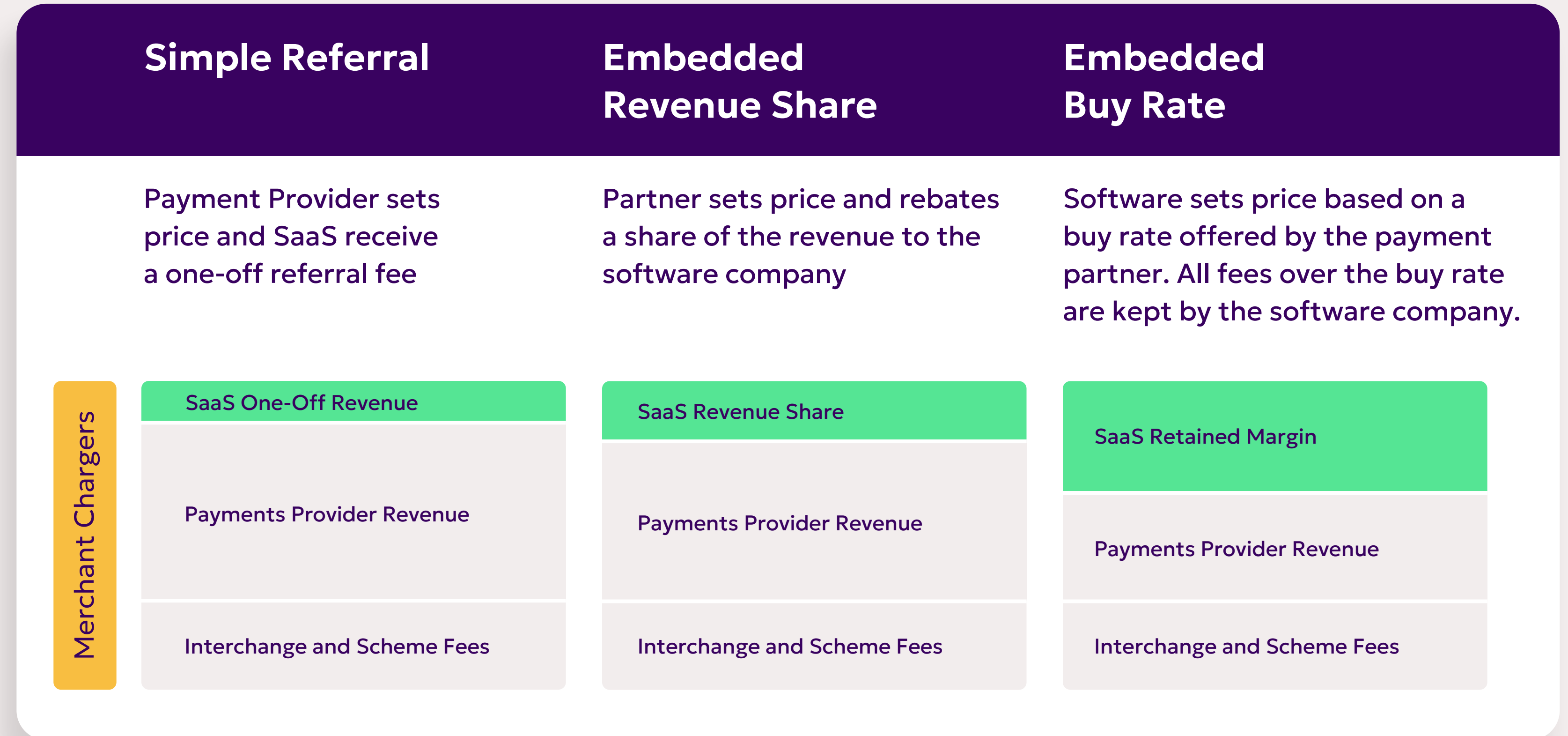
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Size

Sizing the Payments Opportunity

Choosing the right partnership model

Referral partnerships initially appear simpler. But buy rate models drive higher margin and better tailoring of the pricing structure to the target users.



“

“Payments is a new skill to learn, so a simple referral and rebate can make sense. However, as we have built confidence, we have taken more control of the sales process, which allowed us to be more in control of what we offer and what we can charge”.

Payments Channel Director

Large multi-vertical software company

1

Size

Sizing the Payments Opportunity

Choosing the right partnership model

Flexibility offered by buy rate models leads to higher adoption which is the single most important driver of payments revenue for SaaS platforms.

	From Referral	To Embedded buy rate
Attachment Rates	5% – 15%	70% – 90%
Customer Control / Ownership	Limited	Extensive
Customer Lifetime Value	Restricted Limited ability to improve retention rates	Increased Significant opportunity to improve customer retention and improved SaaS fees

*SOURCE: Based on PSE Pricing benchmarking analysis 2023

“The flexibility to be able to try different pricing structures, different deal offers and see whether they impact driving adoption is what allowed us to grow”.

VP Product
Large ERP software company

*SOURCE: Unipaas SaaS Survey 2024

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Size

Sizing the Payments Opportunity

Designing tailored payment experiences

Companies which initially launched generic payment options, identified in retrospect that tailoring the payment experience to the specific needs of their customers is a key to success.

Characteristics of the customer base drive significantly different payment needs which must be accounted for when building a payment proposition.

- 01 Total business turnover
- 02 Vertical segment or type of product/service sold
- 03 Typical payment use cases (e.g. in-store, recurring etc.)
- 04 Preferred payment methods: cards versus non-cards
- 05 Current payment integrations/relationships

“

“The ability to work with a payments partner that not only understood our customers, but the data held within our software platform, was key. This enabled us to build a bespoke approach that introduced and encouraged the customer to consider the alternative embedded solution”.

VP Product

Large ERP software company

1

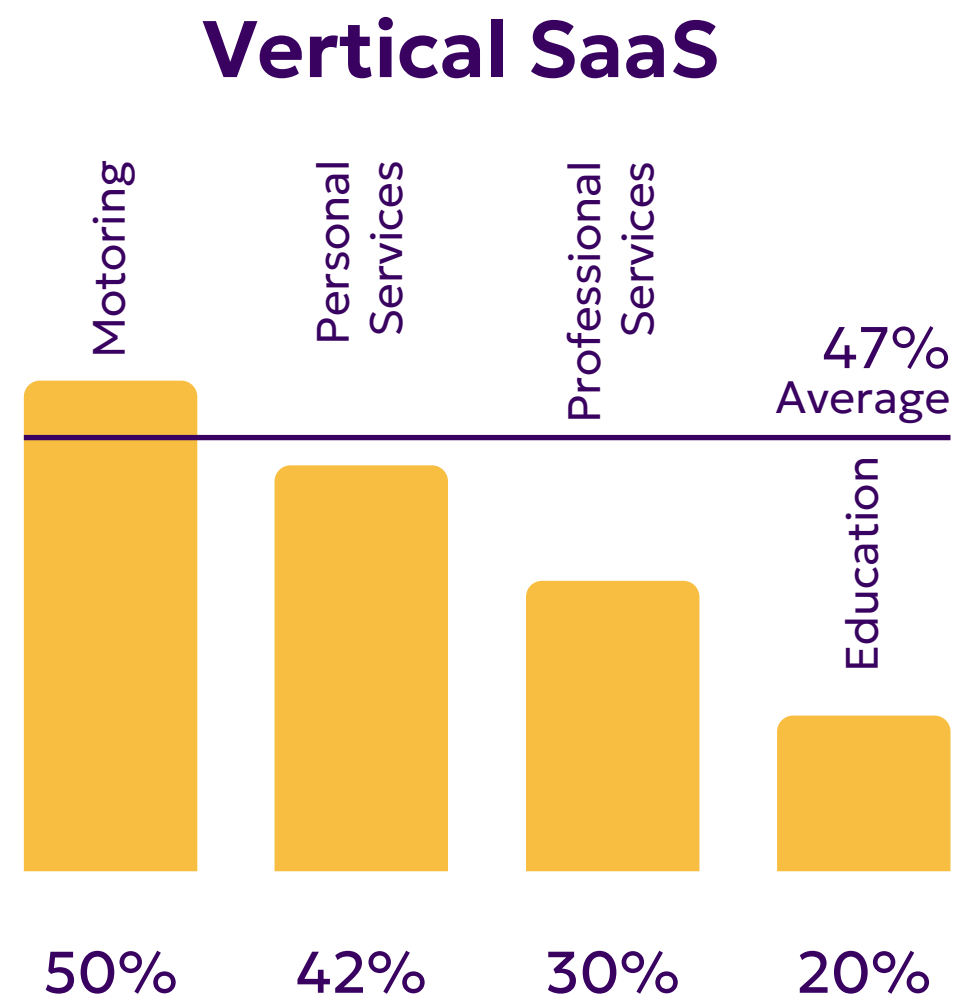
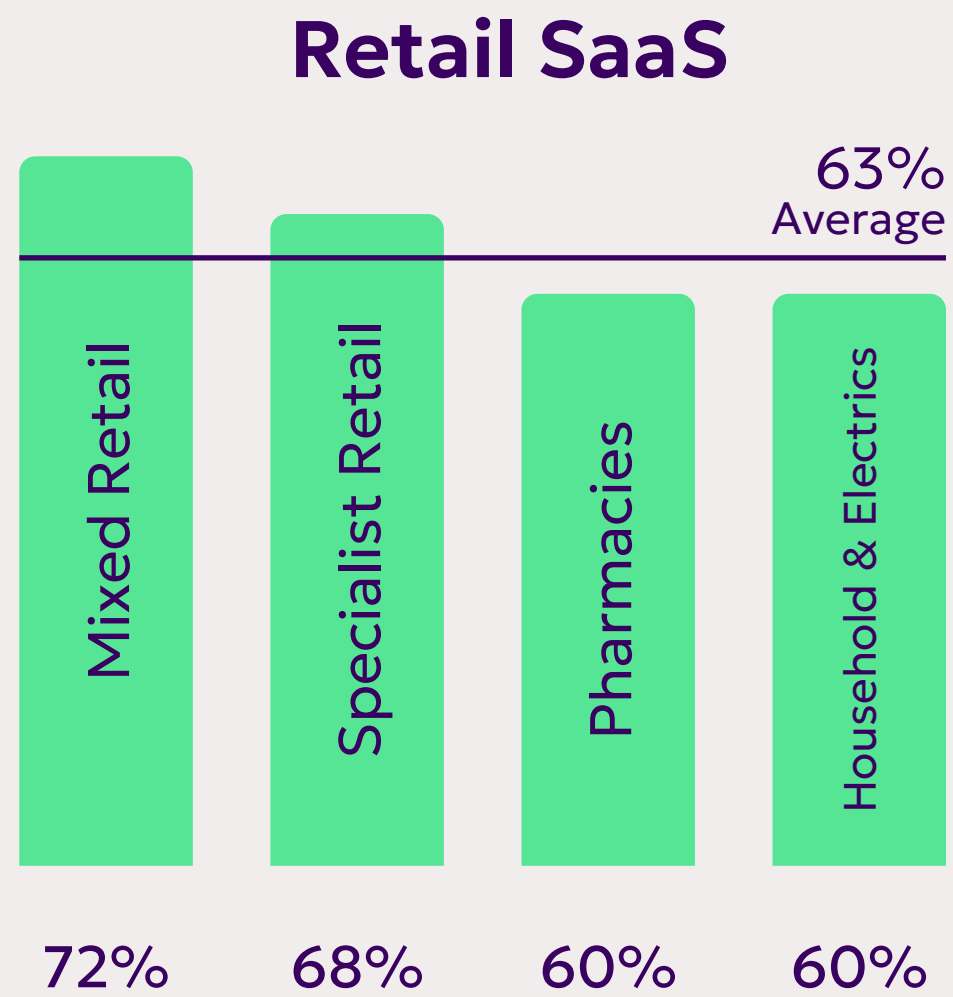
Size

Sizing the Payments Opportunity

Designing tailored payment experiences

Tailoring the payment experience is critical, particularly for verticals outside of traditional retail, where businesses feel underserved by existing propositions.

European levels of interest in current SaaS-led payments offers



Vertical SaaS payment pain points

- Integration of payments in business processes
- Coverage of relevant payment methods beyond cards
- Support for full range of payment types (one-off, subscription, invoice, etc.)
- Real-time, centralised visibility on payment status
- Proactive dispute management

*SOURCE: PSE & TSG International SaaS research 2024

Unlocking value

A three-step journey

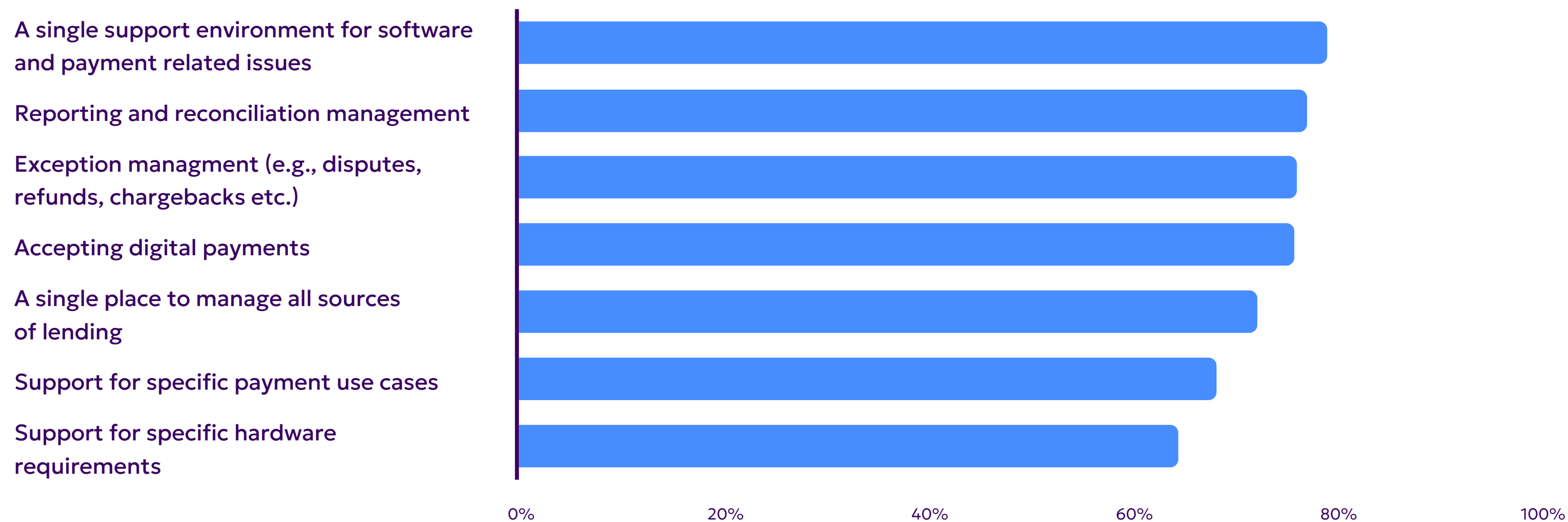
2 Design

Designing a compelling
Payments Offer

Designing a compelling “Better Together” user experience

Success relies on creating a “Better Together” user experience that delivers more value through integration of SaaS and payments rather than being an add-on payment service.

The importance of the payment functionality for SMBs when talking about a SaaS payments offering *



- Seamless customer support journeys including management of refunds, disputes and chargebacks
- Full range of payment options and support of business specific payment use cases
- Unified reporting and reconciliation management

*SOURCE: PSE & TSG International SaaS research 2024

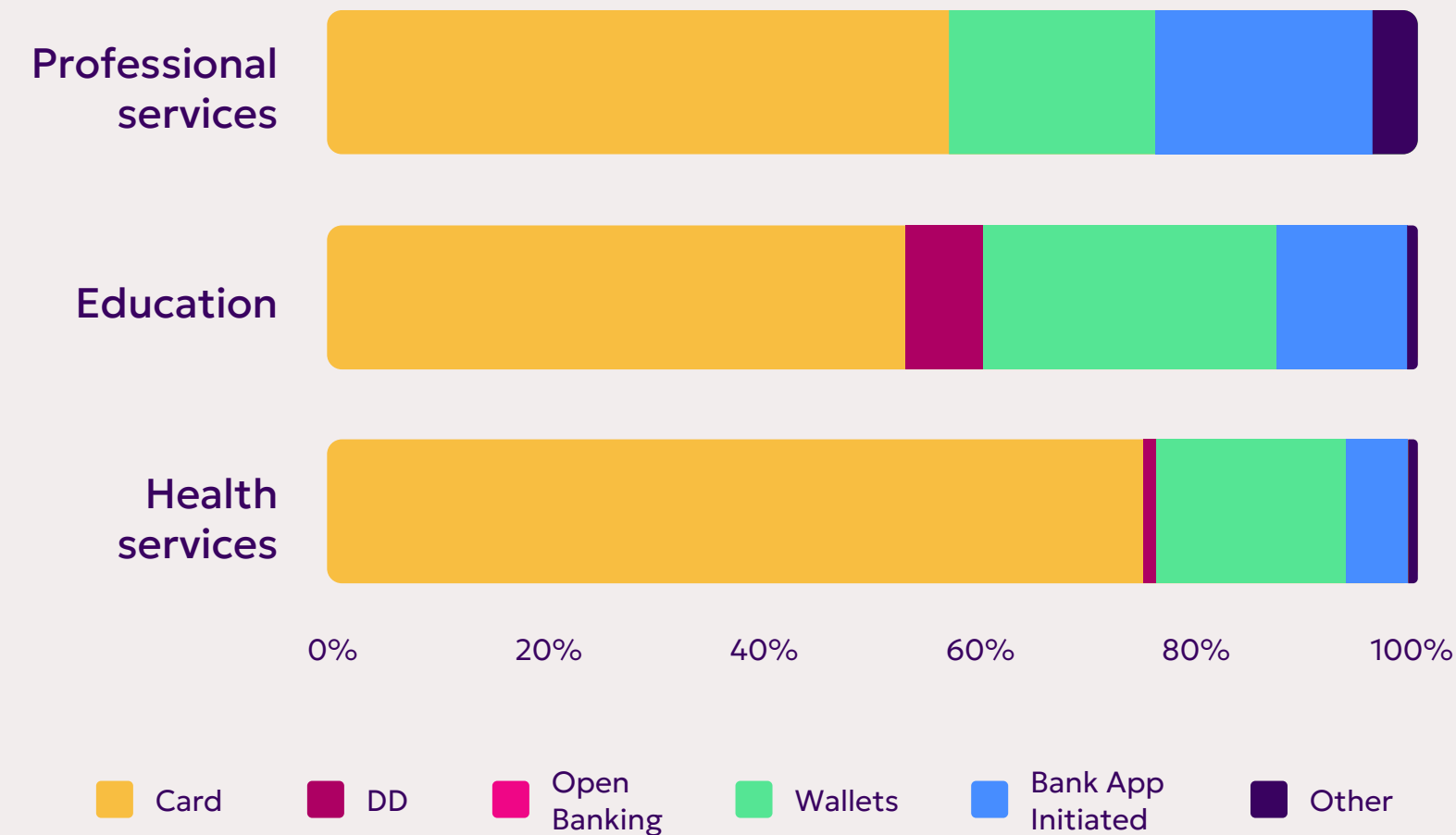
Connecting all payment options

Payment types required by European SaaS platform customers typically extend beyond cards into products such as open banking and direct debit.

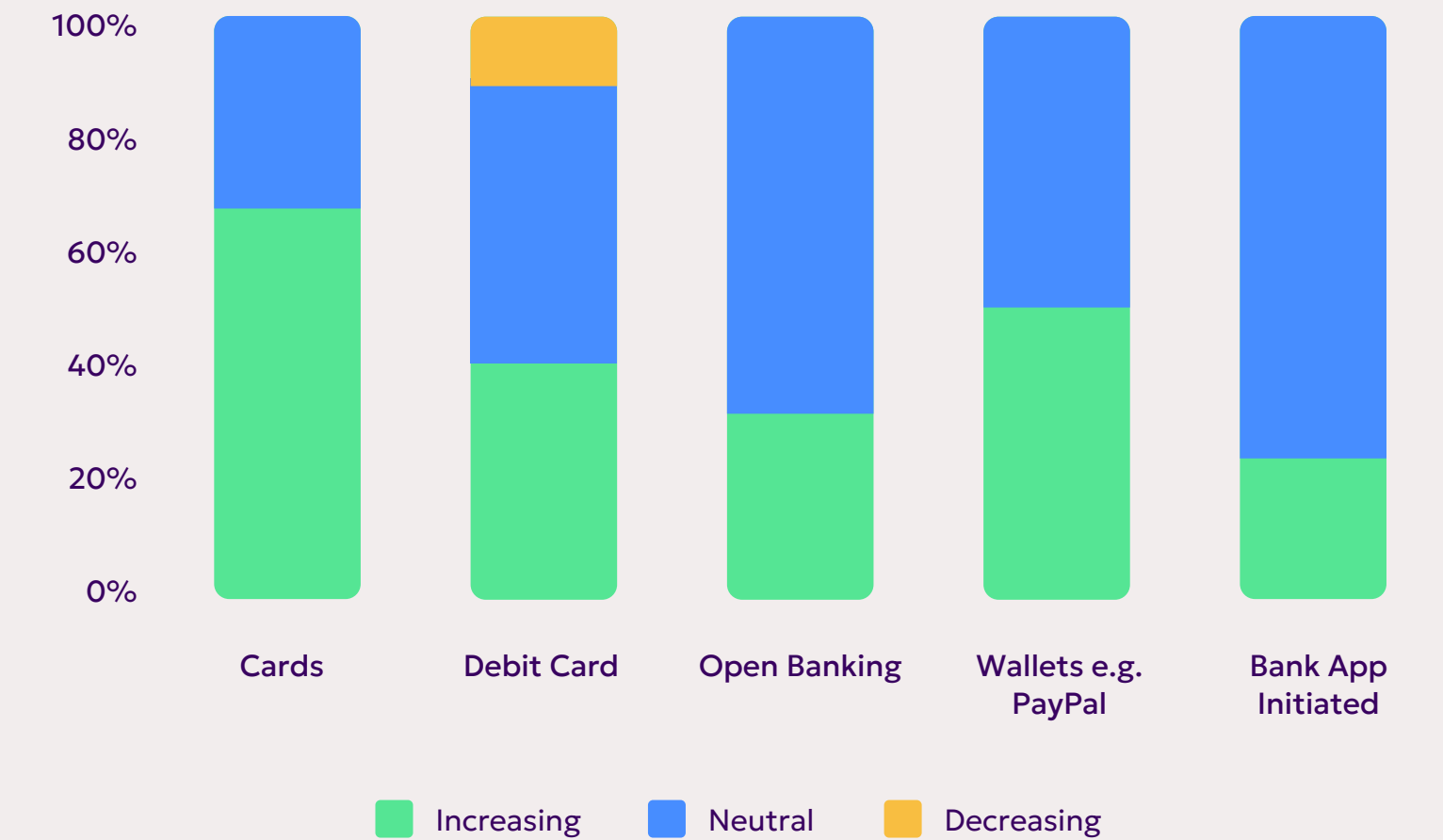
Recent research into the merchants payment mixes across a range of verticals shows how much these can vary.

The research also illustrates how that mix is changing, with cards still showing a healthy growth in customer demand.

Payment type mix for European SMBs by vertical segment



How is your customer's payment mix evolving?



“

“From our point of view, direct debit was critical and cards were just as important. This narrowed down our options for potential payment providers. In the end, we correctly identified a provider able to handle both in an effective and efficient manner.”

Director

Leading Transport Management Software

Seamless branded customer journeys

Payments need to be fully embedded in a platform's brand and user flow with a simple-to-understand offer and a simple sign-up journey.

Iris Pay use case

The screenshot shows the IRIS Pay website interface. At the top is the logo 'IRIS | Pay'. Below it is the heading 'Quick, simple, secure customer invoice payments' with a sub-note 'Included in your IRIS KashFlow subscription'. The main text describes the integration with IRIS KashFlow for accounting automation and invoice creation. It also mentions automating recurring and one-off payments using Direct Debit. At the bottom, there are two buttons: 'Log in and sign up' and 'Start IRIS KashFlow free trial'. Orange lines connect the text on the right to specific elements on the page.

Branded Product

Make it feel that a specialised payment product has been developed for them

Punchy Proposition

Make it very clear the immediate benefit made available by taking the solution

Bundled Solution

Simple and 'Free' addition to the overall solution

Free Trials

Make it easy to say 'Yes'

“

“Before the integration with Unipaas, we had about 10 different payment providers. The deals that we had with lots of those providers were not giving us much ROI. Plus, we wanted to create a fluid experience under the IRIS brand. Unipaas gave us the opportunity to get rid of some of the smaller providers that were causing us a headache and not delivering any ROI”.

VP Product

IRIS Software Group

Providing unified reporting and reconciliation

Providing a single reporting covering all payment methods inside a platform is a core value driver for a “Better Together” SaaS payments proposition.

One Contract

One Reporting

Single Onboarding & Journey

Unified Solution

“

“What we found from our users was that to have all of those payment types in one place and a dashboard to be able to see all the direct debits, all the credit card payments, all the open banking, all in one central area was a massive time saver for them and a much slicker experience”.

CEO

Leading Nursery
Management Software

“One of my key drivers for moving to a new embedded payments provider is the fact that we can build custom reporting into our own platform. We are very happy to custom build them and have everything linked through and pulling very nice reports. We couldn’t do that via our previous partner. We can now make it look and feel like one seamless product, rather than jumping between systems”.

Director

Leading Transportation Software

Structuring simple pricing options

Pricing flexibility allows platforms to design packages adapted to their target user bases.

	Single Price Blended	Premium Blended	Pass Through
What is it?	Single price for all payment product and services	Topline price for regulated credit/debit, with premium products split out (e.g. cross border, Amex etc.)	Pass through the full details of costs from the payment types with a transparent markup (interchange ++)
Typical User	Small merchants	Small and medium sized merchants	Larger merchants
Benefits	Easy to explain and understand	Reducing top-line price while covering costs of higher priced products	Increased transparency, higher volume customers
Attention points	Can be risky if the payment type mix is unknown. Has to be high to cover higher cost products	More complex to explain, and then support	Very complex to bill and support

Collecting user feedback

Successful rollouts rely on structured user feedback to constantly fine-tune propositions.

Surveys and Questionnaires

Make it feel that a specialised payment product has been developed for them

Customer Interviews

Conducting one-on-one interviews with customers provides in-depth qualitative insights

Product Focus Groups

Focus groups to discuss their opinions and experiences regarding your products or services

Online Reviews & Social Media Monitoring

Focus groups to discuss their opinions and experiences regarding your products or services

Behavioural Data Analysis

Analysing customer behaviour data helps in understanding customer preferences and predicting future behaviour

“

“We have a robust product advisory board and get great feedback from them on how to engage customers. I have also gone through support tickets, found ones relating to payment issues, and then phoned up the customers. Firstly, to help resolve their issues but just as important, to ask them what functionality they would like to have”.

Embedded Finance Product Manager

Inventory Management software provider

Unlocking value

A three-step journey

3 Launch & Scale

Launching and Scaling
a Payment Offer

Optimising integration effort

Integration effort is one of the greatest barriers to deploying payments. Embedded UI components enable platforms to deliver tailored experiences without the resource costs of full API integrations.

82%

of software companies involved in a recent study confirmed their activities / ambitions were **constrained by engineering and development resources** (and therefore could welcome more support)*

Choosing the right integration model

	Hosted pages	Full API integration	Embedded components
What is it?	Predefined payment pages hosted by the PSP	API libraries for functionality development	Natively brandable functional components built to be embedded in UX platforms
Pros	<ul style="list-style-type: none"> Limited integration required – redirect to external page Few development resources required Fast to go live Low maintenance 	<ul style="list-style-type: none"> Complete flexibility on UX and customisation Extensive data sharing possibilities 	<ul style="list-style-type: none"> Low development efforts thanks to pre-designed, fully brandable components Native customer journey thanks to seamless integration into SaaS application flows – no redirects Embedded security and performance Fast go to market Access to transaction data
Cons	<ul style="list-style-type: none"> No UX customisation capability Minimal branding Disjointed customer journey Limited data exchange possibilities 	<ul style="list-style-type: none"> Considerable development time needed from conception to roll out Requires significant resources to build Ongoing resources needed to maintain and evolve the integration 	<ul style="list-style-type: none"> Less customisation capabilities than API-based integration
In Summary	Low touch but with low flexibility and poor customer experience	Extensive customisation possibilities but requires significant technical resources to build and maintain the integration	Enables branded and customised payment experiences within the platform, without the technical resource requirements of a full API integration

*SOURCE: PSE / Unipaas Study : Payment Solutions / Software Platforms

Getting onboarding right

Getting the customer onboarding process right is critical to avoiding dropouts while maintaining compliance.

“

“A key pain point for us is getting the onboarding right. This is quickly followed by getting customers to actively use the payments offering. The more personalised the message to drive usage, the better”.

VP Product

Large ERP software company

- Introduce as early in the overall sales process as possible
- Ensure customer information is only captured once for both software and payments onboarding
- Ensure a seamless user experience
- Ensure there is a self-board option available for small merchants
- Utilise all available eKYC tools to minimise the amount of document collection required
- Implement real-time monitoring of customer progression through the process
- Deploy a backup customer outreach team to assist those stuck in the process
- Integrate with real-time credit decisioning solutions to ensure customers are instantly informed of payment acceptance
- Implement an assisted onboarding process for larger merchants or those with more complicated ownership structures (charities etc)
- Ensure an ongoing due diligence functionality is embedded into the solution

Setting up risk controls

Understanding and managing payment risk is fundamental. Working with a payment partner who can manage payment risk in a transparent manner makes things a lot easier.

Risk Area	Description	Embedded components
Compliance	Scheme or regulatory fin es are passed onto the SaaS platform by the payment partner. Onboarding is halted until compliance issues are resolved to the satisfaction of the regulator/scheme	<ul style="list-style-type: none"> • Partner regulatory status and compliance policies and teams • Robustness and automisation of onboarding and ongoing due diligence process
Fraud & Chargebacks	Merchants have to pay for fraudulent payment transactions in higher risk use cases e.g. phone-based. Services are not delivered by a merchant because they have gone out of business (insolvency)	<ul style="list-style-type: none"> • Strong transaction monitoring tools • Clear risk-based onboarding rules • Prohibition/limits on high-risk use cases e.g. phone • Close monitoring of merchant health
Unpaid Fees	Customers do not pay outstanding invoices for services	<ul style="list-style-type: none"> • Net settle funds (rather than month-end invoicing) • Clear contract T&Cs to allow funds to be withheld

Promoting the payments offering

Digital, in-platform promotion of the offering is key to creating awareness and driving adoption.

- **Outbound email**
- **Sales QBR / Sales team training**
- **Video testimonials**
- **Above the line advertising**
- **Physical post**
- **In-app alerts based on event triggers**
- **Microsite with case studies**
- **Educational content & tutorials**
- **Partner events / Webinars**

“

“We started with a telesales team. We now have a supporting field sales team. We use a tool called Pendo that pops up ads in our software. We like testimonials and case studies from our ‘power’ users. We have filmed short videos we post on LinkedIn and Instagram”.

Global Heads of Payment

Multi country salon software provider

“It isn’t about only selling payments, but creating educational content like tutorials. We needed a payments partner that understands this and knows the market well. And augmenting our payment partner’s experience against our experience has definitely been useful”.

Heads of Payments

Iris Software Group

Monitoring and driving usage

Once customers are onboarded, platforms must ensure they continue to use the service. Hence, ongoing activation processes are an important part of portfolio management.

“

“With Unipaas, we can create custom reports and embed them with little effort, making them look and feel like one seamless product. This makes the whole experience around payments so much easier for our clients. They don't have to jump from system to system”.

Director

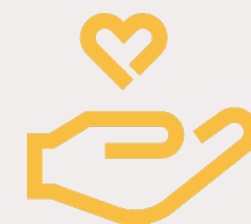
Leading Transportation Software



Dashboards to show dormant merchants to account managers, and outbound call/email processes



Prompts to show alternative payments opportunities in-app



Expand service offerings to new use cases and regularly communicate enhancements



‘Opportunity Cost’ for customers which shows revenue left on the table due to missed payments opportunities



AI and Machine Learning modelling

Measuring and managing performance

Defining the success criteria for a payments services at launch, and then putting in regular monitoring of metrics, provides a strong foundation for success during roll-out.

“

“The most important initial measure is attachment. We think of attachment in a couple of ways. Did they include payments in their bundle? Did they sign up and then, are they actually using it”.

Senior Director of Product for Payments

Global accountancy platform

“If someone isn’t using the solution for 10 days we get someone to reach out to them and work out what is going on”.

VP Product

Large ERP software company

Key Performance Metrics

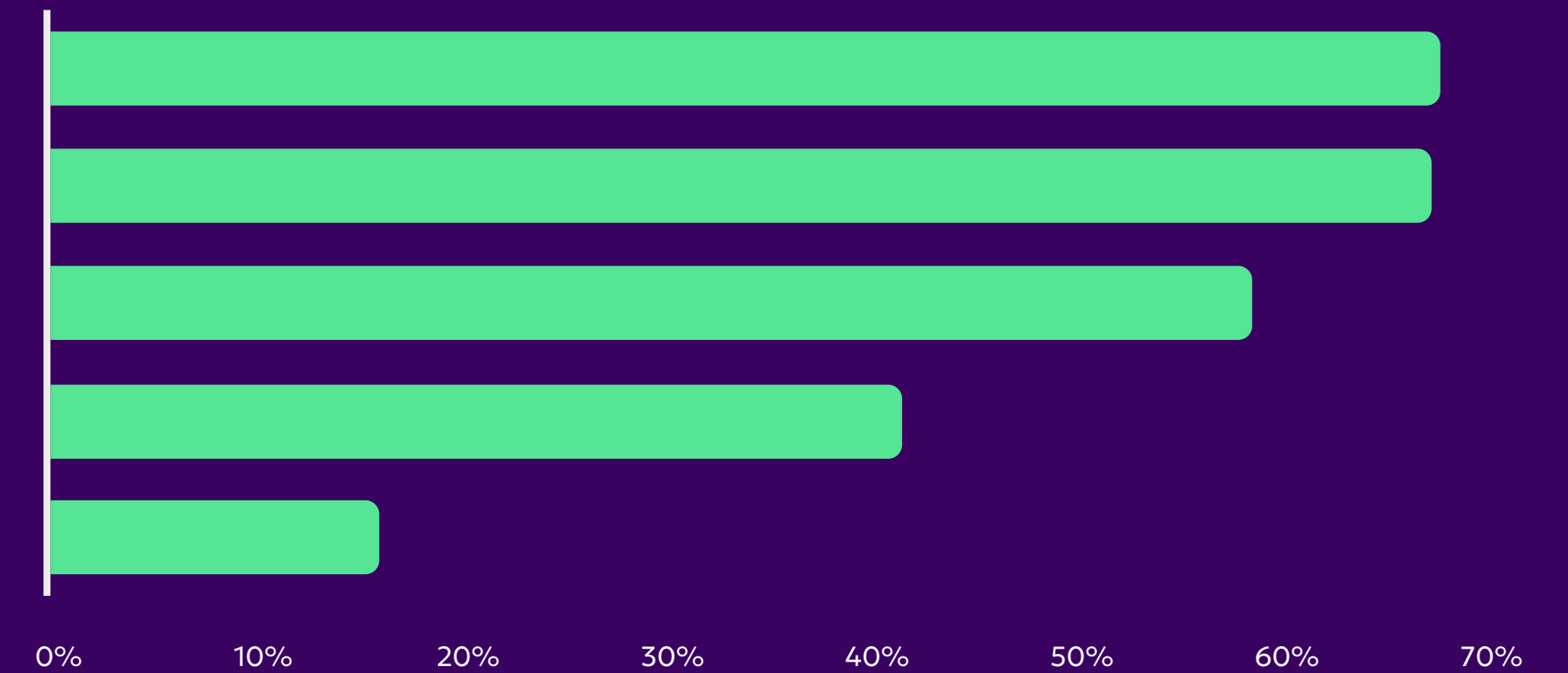
Revenue earned per customer

Percentage of customers taking your payments offering

Net contribution of payment product

Churn of customers with payments offering

We don’t measure it



Attachment Rates

The percentage of customers accepting the payments offering as well as the core software

Net Revenue

The total monetary value of the revenue earned from payments, net, after paying away direct processing fees

Payments Revenue earned per customer

The Net Revenue divided by the total number of customers signed up to the payments offering

Payment Penetration (inhouse)

The percentage of transactions (volume or value) being processed through the software that utilise the payments offering

Payment Attrition

The percentage of live merchants removing the payment product in a year compared to total book

Conclusion

The partnership model driving growth

Selecting the right payments partner is critical and the study confirmed that the list of requirements needs to be significantly wider than who simply offers the best commercial rates.

SaaS platforms need to define and prioritise their selection criteria to create a short list of 2-3 suppliers. These should include:

1. Support for relevant payments use cases and payment types
2. Easy to integrate with strong technical support (documentation and experts)
3. Attractive but, more importantly, flexible commercial model that supports increased ROI as volumes grow
4. Enables control/ownership of end customer (contractually and UX)
5. Credible track record in supporting and scaling with software players
6. Proactive support for proposition development and promotion
7. “Good people to work with” that supports a long-term partnership model

“

“A minimum I look for is does their tech cover the basic payment use cases and what is on their roadmap? How strong is the credibility of the brand and do I want to be associated with that provider. Are they clear, are they quick, do they provide additional value such as support with go-to-market etc.? The final thing I look at is the commercial rates”.

**Senior Director of
Product for Payments**

Global accountancy platform

“It was high on the list of requirements: ‘Can you provide go-to-market assistance?’ ‘Will you help us with getting the message right?’”.

Founder & CEO

Leading nursery management software

The Managed Embedded Payments Model Advantage

A managed services partnership allows platforms to benefit from payments expertise and technology without having to ramp up costly dedicated resources or tools.

	Product & Technology	Onboarding & Service Support	Sales & Marketing	Risk, Legal, Security & Compliance
Benefits of managed services	<ul style="list-style-type: none"> Integration and deployment support from dedicated project teams Configurable embedded UI components 	<ul style="list-style-type: none"> Fully delegated onboarding processes Dedicated support teams to address complex cases Streamlined prepopulated onboarding forms 	<ul style="list-style-type: none"> Dedicated customer success teams Predesigned digital marketing material Natively embedded marketing components 	<ul style="list-style-type: none"> Risk and compliance expert team in charge of guaranteeing compliance Automated ongoing risk & fraud management



“Our payment partner opened up a Slack channel and had weekly calls with my development team, that is what has driven our partnership at such speed, making it so simple and life so much easier. Having this really quick dialogue with a human that you know just resolves issues. And for me, that’s what it’s all about: dealing with people rather than with a faceless computer.”

CEO
Leading transportation management software

A note from Unipaas

Vertical SaaS don't reap the full benefits of embedded payments

At Unipaas, we work closely with SaaS platforms, helping them build payment journeys that are fully tailored to their customers, verticals, and business models. In doing so, we identified a gap in the market between the opportunity offered by embedded payments and the main solutions available to fulfill it.

They need a new generation of embedded payments

That is why we have commissioned this research to PSE Consulting: to provide guidance for SaaS platforms to fully seize the opportunity of embedded payments. Based on in depth interviews with SaaS platforms in a range of verticals and industries, and at different stages of payments integration, the research details the key areas successful platforms focus on to maximise the value of embedding payments into their software for themselves, and their users.

Our interviews revealed that technical-focused embedded payment solutions do not allow platforms to design the tailored payment flows that their users need. Covering all the required payment methods also often requires, in this scenario, the integration to several payment providers, engaging more contractual relationships. On top of all of this, delivering consistent and high-quality customer service is challenging due to unclear responsibilities between the PSPs providing payments and the SaaS platforms offering them.

The current SaaS embedded payments market is thus at an inflection point

SaaS platforms show the need for embedded payment services going beyond the first generation of technical-focused integrations into their platforms.

And it's our mission at Unipaas to deliver these next-generation embedded payments with unified, fully-managed payments services, enabling the tailored payments journeys customers expect.

A tailored approach delivers the payment journeys driving adoption

Unipaas is not only making it easy for SaaS platforms to technically embed payments into their software, our teams also support them to size, design, launch and scale their branded payment offering. The research you're about to read helps shed light on these new, completely integrated payment offerings designed to truly unlock the value of embedded payments for platforms and the businesses that use them.

David Avgi - Founder & CEO, Unipaas

Companies Behind the Research



- London-based **independent consultancy service** specialising in payments, with **28 years of experience**.
- A member of the **European Payments Consulting Association (EPCA)** which provides additional in-country expertise in 12 European markets plus Global partnerships in the USA and Australia.
- Work in all areas of payments from mobile and prepaid through to cash and cheques.
- Deliver to **all players in the payments value chain**: schemes, processors, transaction gateways, issuers, acquirers, and merchants.
- **Deliver insight led projects** ranging from strategy assignments to commercial / technical RFPs and detailed operational reviews.

unipaas

Unipaas offers **next-generation Embedded Payments**, empowering SaaS platforms to create tailored payment journeys for their specific customer and sector needs. With advanced technology, industry expertise, and unified managed services, Unipaas simplifies payments and enables growth without extensive in-house resources.

Unified means one contract, integration, and reporting, allowing seamless payment collection across online and mobile checkouts, e-invoices, and all relevant methods—keeping users within the platform environment while centralizing compliance and risk.

Managed means our team takes care of operations, risk, and provides marketing support to drive adoption. Our white-label components enable customised, brand-native payment flows that fully leverage customer data, optimising payments. So you can focus on growth.

[Book a call](#)