

## How TxVia is Modernizing Payments with Mass Customization



*Anil D. Aggarwal is a proven entrepreneur with a consistent track record of creating and managing successful business ventures. He is a pioneer in network-based payment systems, bringing to market some of the leading prepaid products and services over the past decade.*

*For our [Briefing Room on Prepaid](#), Aggarwal shares how TxVia has driven innovation in the prepaid space and what he believes the future holds for prepaid payments.*

**Anil, you are one of the pioneers of prepaid cards. Can you tell us what interests and excites you about the industry?**

What's exciting about prepaid is that it's at the heart of change in electronic payments. [Prepaid](#) has expanded the payments product line, engaged companies that haven't played a role in payments before, and broadened the end-user audience for electronic payments in every possible direction.

What's also great about prepaid is that even after 10 years, it's still evolving very quickly — there's a lot more innovation to come. With increasing and diversifying payment devices, points of payment, distribution channels, and business models, there's a ton of opportunity ahead for the prepaid card industry. I'm proud to have been part of the past ten years of electronic payments innovation, and energized about the future.

**How do you see prepaid fitting with other payments?**

2000 to 2009 was really the decade of prepaid. It went from the proverbial question mark to promising star and is now heading towards enviable "cash cow." But I don't think of prepaid as an isolated category of payments. The more it matures, and the more that other areas of electronic payments evolve, the more convergence we'll see, with prepaid being part of a continuum of payments.

At TxVia, for example, we've built processing technology that transcends prepaid to encompass all areas of issuing — including credit, debit and hybrids — as well as acquiring and network processing. It's tough to think of any area of payments as an island these days.

**You joined TxVia as CEO over two years ago. How is TxVia different from other processors in the prepaid space?**

While there's no doubt that electronic payments, prepaid included, have a bright future, to get there we need significant improvements in enabling technology. At [TxVia](#), we're convinced that most processing systems don't meet the needs of the market today and certainly won't meet its needs in the future. They simply don't define "flexibility" and "scalability" in the right way for modern payments. They're one-size-

fits-all platforms that get pulled in too many product, systems integration and other directions, quickly becoming the victims of their own success — too bogged down to innovate — with any innovation taking too long, costing too much, and presenting serious risks to existing clients. And, at many organizations able to do multiple types of processing, systems are disparate and don't talk to one another.

Over the past couple of years, we've worked with a number of large payments companies, including prepaid card program managers, to bring what we believe are the necessary improvements to market. Our basic premise is that there is more complexity than ever in electronic payments, and that the best way to manage that complexity is with simplicity. In a nutshell, we've created a payments domain-specific "platform builder" that allows us to provide clients with customized and segregated processing platforms that do what our clients need them to do and no more. To get there, we've brought an important first to market — we've separated business requirements from technical implementation, which we believe is necessary to move from an environment of incremental change to transformational improvement.

Our delivery model is an extension of software-as-a-service ([SaaS](#)) known as platform-as-a-service ([PaaS](#)) and allows us to bring mass customization to payments processing.

**Can you tell us who some of your clients are and the kind of scale you've reached?**

Our clients include [Blackhawk Network](#), [Univision Communications](#) and [American Express Incentive Services](#) (AEIS). We provide a broad range of consumer and corporate processing solutions and have over 5 million reloadable and nonreloadable accounts on file today, with that number projected to grow significantly this year as we complete conversions and roll out new programs.

We've also expanded our operations and opened servicing facilities in South Florida and El Salvador with the Philippines following shortly. While our competitive advantage is rooted in technology, we're an end-to-end processor.

**How much funding has TxVia received and who are your investors?**

We've raised close to \$30 million in funding from a range of investors who are highly knowledgeable in payments. Our lead investor is Bain Capital.

**You recently announced the "TxVia Payment Processing Developer Network"; can you explain what that is?**

As I mentioned, at TxVia, we don't believe in one-size-fits-all platforms. We also think it's impossible for one processor to be all things to all people. So, we've invested significantly in building a delivery model that facilitates distributed development, allowing our clients and other third parties to build new and proprietary capabilities — easily, quickly and to high levels of quality. They can even sell them through an "app store" marketplace.

We offer a Web-based set of tools, including an integrated development environment (or "IDE") that allows us and others to describe business requirements in a visual, diagrammatic fashion. We then compile those business requirements to production platforms. For example, our clients can use the IDE for development and are able to create a broad range of capabilities — from adding new data elements and message sets to their platforms to building Websites and IVR functionality. We estimate that our clients realize more than a ten fold efficiency in developing with us over traditional forms of development, which really reduces their time to market and costs. We think that that gives them a huge competitive advantage.

**Are open platforms going to come to dominate prepaid?**

We think they'll play a significant role throughout electronic payments — not just prepaid. There are just way too many directions in which to innovate for closed-door, "black box" infrastructures and development methodologies to prevail in the long term. The best solutions will be co-created in a collaborative way.

We also think that platforms can be more open from a runtime management perspective — allowing for more broadly defined SLAs throughout a system and a step up in monitoring them. That's something you don't hear much — other than from TxVia — and definitely part of the future from our perspective.

**As payment products go, prepaid is still relatively young. What are the main innovations you think we'll see in the prepaid space over the next 5 years?**

I think we'll see the prepaid card product line continue to expand — less so than in the past, but there'll certainly be new applications serving new markets. More likely, we'll see innovation in existing prepaid card products and services, how they integrate with other payment sources and devices, and how they're commercialized. There's still a lot to accomplish to provide the most compelling end-user payment value propositions.

Prepaid has helped create the long tail of electronic payments and as we move away from canned products and services to more individualized payment experiences, we'll continue to see innovation within product-types, such as general purpose reloadable, gift and incentives — but we'll also see it in credit, debit, acquiring and even within payment systems themselves. The market of niches now encompasses all payment-types.

To be more specific, we see room for improvement and innovation in portfolio segmentation and management, distribution, reporting, third-party service integration, authorization pipeline management — I could go on.

**What role are mobile phones going to play in prepaid?**

Mobile phones obviously already play a leading role in providing cardholders balance information and transaction alerts. And there's plenty of ongoing discussion about the phone as a new form factor for

payment. Prepaid mobile phones have also served as customer acquisition channels for prepaid cardholders.

What I think is most interesting is using mobile phones to enable new payment systems and facilitate ongoing transactions — I think there's an incredible opportunity for that, especially with Internet-enabled smart phones. There's tremendous potential to innovate on top of existing payment systems that serve as the source of funds and reduce the current levels of friction in new and emerging areas of payment, like mobile, and that's an important area of interest for us at TxVia.

**What about international — do you plan on moving TxVia into other markets?**

We're already planning international deployments for existing clients and it's a firm part of our roadmap for 2010 onwards. While we certainly have the basics — multilingual, from core account-on-file transaction processing to IVR to Websites to IDE, as well as multicurrency, including client-defined non-monetary currencies, we also have some important differentiators.

Our PaaS delivery model allows us to deploy platforms as in-house, outsourced or hybrid configurations. This is critical in certain regions both because processing is customarily done internally in some countries, especially by banks, and also for local compliance reasons. We're unique in being able to do this, and were identified for that in a Gartner report in late 2008.

We're also unmatched in our ability to integrate with local and regional payment schemes and networks because we use data flow diagrams in our IDE to implement system integrations tasks — for example, we've done the technical implementation work for new network integrations within a week.

Some of our clients are launching in multiple countries and we're able to provide them with per-region platforms that can be managed easily in a loosely coupled fashion. We're big believers in electronic payments being a global phenomenon and are excited about making a mark on that scale.

**The First Stop for What's Next in Payments**

*PYMNTS.com promotes the companies, products and people that drive “what’s next” in payments, worldwide. PYMNTS.com is a joint venture between Berkshire Hathaway’s Business Wire and Market Platform Dynamics. In a short period of time, PYMNTS.com has assembled a very large and highly engaged community of decision makers and opinion leaders across the payments ecosystem who regularly click on its newsletter, visit the site, and spend a lot of time there. PYMNTS.com has become the “hub” for payments innovation for those whose core business is payments and for those who view payments as central to their own commerce processes and ambitions.*