



WePay works closely with us to create the best possible payments experience for our users. Having that level of partnership lets us feel like we're in control of our own destiny.

Brandon Chu,
Director of Product
Management,
FreshBooks

FreshBooks moved from a 3rd party payments experience to its own streamlined, conversion-friendly product using WePay

Background: Who is FreshBooks?

FreshBooks is the the #1 cloud-based accounting software designed exclusively for service-based small business owners. More than 10 million users turn to FreshBooks to send invoices, track time, collect online payments, manage expenses and run reports.

Since its 2003 inception, the Toronto-based company has prided itself on delivering awesome user experiences. That focus permeates all aspects of the company. For example, new employees regardless of job function spend their first month in support — a practice that gives every employee first-hand customer experience in addition to helping the company respond to calls faster. And yes, when a support call comes in, every phone in the company does ring.

This customer-experience-first mindset applies to payments too, where FreshBooks strives to make it easy and painless for users to get paid quickly.

Situation: FreshBooks' early payments solution

FreshBooks initially adopted a common approach to help its users accept payments: connecting 3rd party merchant gateways. This means users seeking to accept payments within FreshBooks needed to have their own merchant account with a provider like PayPal or Authorize.net, which they then manually connected with FreshBooks so the two accounts could speak to one another.

If a user didn't already have a merchant account, FreshBooks sent them out of FreshBooks to get one — transitioning users from the experience it had carefully cultivated to a 3rd party experience with its own approach and requirements. Upon 3rd party approval a FreshBooks user could then look up their external merchant ID number and use it to connect their FreshBooks account.

FreshBooks chose this approach because it was a viable means to help users to get paid in FreshBooks, especially those who had merchant accounts. Yet this approach also created some challenges:



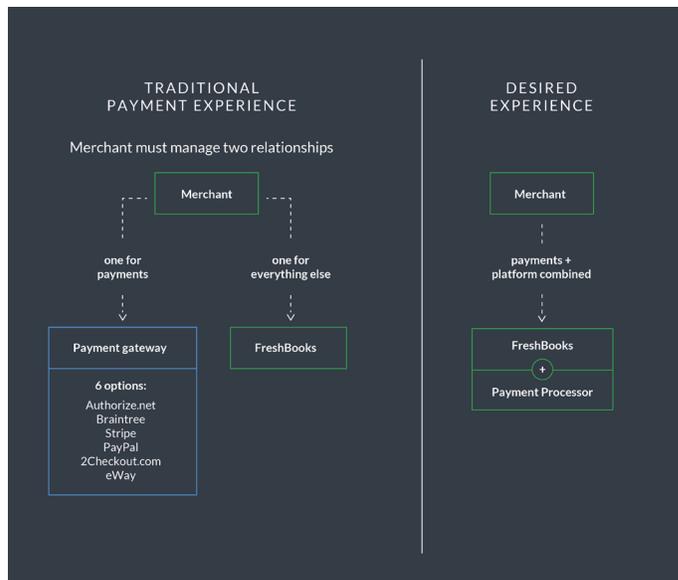
FreshBooks Payments has enabled us to make payments more transparent for our users. Users know exactly when payments are going to hit their bank account, they know which payments have completed vs. which are still pending, they see all of their app fees. There are many points of integration that make for a tight experience.

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+ **Less streamlined experience:** users were at times confused when the payments experience didn't match the rest of the FreshBooks experience.

+ **Multiple contacts:** FreshBooks had to rely on 3rd party payment providers to help with support calls. Given the company's focus on the customer, it preferred to handle these user queries personally.

+ **Less room for customer advocacy:** FreshBooks needed more flexibility to secure the best prices for its users.



To solve these challenges, FreshBooks sought to establish its own payment offering that could be the new default for users who wanted to enable their clients pay online. The company engaged banks and others in exploring what would be necessary to pursue such an in-house solution. However, the FreshBooks team quickly learned there were big challenges with this approach:

- + **Costly:** Satisfying government and industry regulations and mitigating fraud risk would require significant operational investment ongoing, while failure to effectively prevent fraud posed additional downside risk.
- + **Time consuming:** Development could take a year or more, and would require ongoing support and investment.
- + **Distracting:** Resources and attention would inevitably come at the expense of core operations.

Solution: FreshBooks finds a partner in WePay

The company turned to WePay. It found WePay's offering could be configured to deliver the end-to-end user experience it sought. Meanwhile, by leveraging WePay's banking and risk protection

infrastructure, it could have these benefits without incurring operational risks. Key elements of the solution:

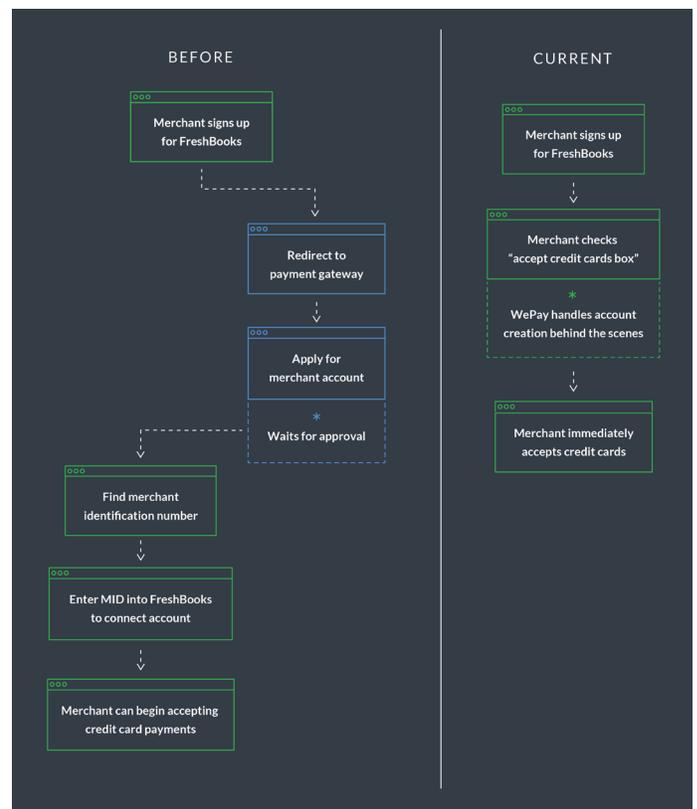
- + **Integrated experience:** Customized for deep integration FreshBooks, from sign-up through ongoing use.
- + **Integrated support:** Connected FreshBooks and WePay support teams providing seamless support for payments matters.
- + **Customer Advocacy:** FreshBooks would influence myriad decisions including underwriting rules, payment holds, and even processing rates for customers.
- + **Operational expertise.** WePay would take on onerous burdens from regulatory requirements such as anti-money laundering law compliance and ever-changing technology to meet the strict industry security standards.
- + **Zero fraud risk:** FreshBooks would be protected from threats by leveraging WePay’s patented Veda(™) risk engine, which utilizes business intelligence and social data with machine learning to stop fraudulent transactions before they result in loss.



FreshBooks Payments, the resulting payment product, looks remarkably simple and familiar to FreshBooks users. A user can accept payments in seconds simply by checking a box that says “Enable payments.” It’s

not necessary for them to have a merchant account — FreshBooks creates a WePay account for them in the background and connects it automatically. Once payments are enabled, users can send their clients online invoices that can immediately be paid with all major credit cards.

Upon receiving their first credit card payment, the user receives an email prompting them to connect their bank account and establish a password for their WePay account. Once this is done, WePay automatically begins settling received funds.



And while customers see a unified experience, behind the scenes the two systems are completely separate for regulatory compliance and risk purposes. WePay uses tokenization to enable FreshBooks Payments to capture and charge credit cards without storing users' card information. This relieves FreshBooks from many card security and payment industry compliance burdens.

Results: FreshBooks Payments has become an integral part of the business:

FreshBooks Payments launched in late 2014, with impressive results following soon after:

- + **Quick conversion:** 55% of new users since launch have chosen FreshBooks Payments as their gateway (they can still have the option to choose legacy 3rd parties).
- + **Better experience:** Users who accept online payments through FreshBooks get paid 11 days faster than users who get paid through checks.
- + **More FreshBooks transactions:** Users with FreshBooks Payments enabled make 40% more transactions in FreshBooks compared to users who connected other 3rd party payment gateways.



55%
of users choose FreshBooks
Payments as their processor

40%
more transactions
compared to other 3rd
party payment gateways