



PRIVATE EQUITY INSIGHTS

Benchmarking Vertical SaaS

Insights from SaaS platform verticals using Worldpay
Managed PayFac® (Payrix) solutions in 2024

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Vertical SaaS Benchmarking

SaaS Verticals Working with Embedded Payments

Across the Worldpay for Platforms (WP4P) organization, we work with a diverse range of SaaS platforms offering embedded & integrated payment capabilities. We have highlighted the following vertical industries which have all benefited greatly from Managed PayFac® (Payrix) solution integration into their software stacks in 2024. This month’s PE Insights article benchmarks the different experiences seen across these verticals from an operative perspective.

<div>Restaurants</div> <div></div>	<div>Field Services</div> <div></div>	<div>Legal Services</div> <div></div>
<div>Automotive</div> <div></div>	<div>Education</div> <div></div>	<div>Healthcare</div> <div></div>
<div>Travel & Hospitality</div> <div></div>	<div>Non-Profits</div> <div></div>	<div>Dental</div> <div></div>
<div>Government Services</div> <div></div>		











Vertical SaaS Benchmarking

Key Benchmarking Metrics

Our Vertical SaaS Benchmarking study analyzed data across MCC codes applicable to each of the 10 different vertical industries highlighted earlier. We assessed the following key operative metrics to gauge the different levels of payments acceptance & performance across the verticals:

- Average Ticket Size
- Chargebacks
- Card vs. ACH Transactions
- Typical Merchant Sales Cycle
- Seasonality

Our Vertical SaaS Benchmarking study analyzed data from 1 January to 30 November 2024.

SaaS Vertical	Avg. Ticket Size	Chargeback %	% Card Volume	% ACH Volume	Typical Merchant Sales Cycle ¹
Restaurants	\$28	0.009%	100%	0%	
Field Services	\$301	0.14%	48%	52%	
Legal Services	\$1,520	0.11%	75%	25%	
Automotive	\$737	0.11%	96%	4%	
Education	\$73	0.03%	80%	20%	
Healthcare	\$271	0.06%	100%	0%	
Travel	\$298	0.12%	94%	6%	
Non-Profits	\$123	0.07%	94%	6%	
Dental	\$165	0.04%	100%	0%	
Government Services	\$117	0.015%	62%	38%	

¹ Ideograms represent the typical merchant sales cycle speed. The fuller the circle represented equates to a faster sales cycle speed.

Vertical SaaS Benchmarking

1 Average Ticket Size

We see all types of Vertical SaaS players successfully launch payments and use it as a growth lever to expand their average revenue per user (ARPU) and subsequently their share of the total addressable market (TAM). To assess the value of an embedded payments strategy, SaaS companies should look to key revenue inputs like average ticket size to drive return on investment.

- Highest average Ticket Size metrics (+\$700) seen among professional & technical services verticals like Legal Services & Automotive Services.
- Lowest average Ticket Size metrics (~\$30 and \$70 respectively) seen among Restaurants & Education platforms covering everyday food bills & school fees/events.
- The average Ticket Size is \$97 across all clients/all verticals utilizing Payrix solutions.

2 Chargebacks

Chargebacks occur when a customer disputes a transaction with their bank or card issuer, leading to a reversal of that transaction. Some of the most common reasons for chargebacks with SaaS platforms are unauthorized transactions, billing/subscription errors, fraud & dissatisfaction with service. A healthy Chargeback ratio for transactions is generally considered below 0.6%¹. Chargebacks can lead to a damaged reputation & operational risk from a cash flow perspective for SaaS platforms accepting payments. All verticals analyzed on Payrix solutions show a healthy Chargeback ratio.

- Field Services, Travel, Automotive & Legal had +0.11% of transactions as Chargebacks likely reflected in the important service element present in these verticals which can be disputed.
- Restaurants & Education verticals had the least number of Chargebacks 0.01%-0.03% owing to the lower ticket size component of these transactions.
- Chargebacks averaged 0.04% across our entire client-base of Payrix solutions.

¹ <https://www.clearlypayments.com/blog/the-average-chargeback-rate/>

Vertical SaaS Benchmarking

3 Card vs ACH Transactions

Businesses largely choose between ACH and credit card payments for their payment acceptance strategy based on the context and priorities of their users. Credit card payments create a better user experience for retail & online transactions in the era of unified commerce. The drawbacks entail higher transaction costs for merchants & additional fees for consumers. Meanwhile, ACH transactions are typically the domain of higher-volume bulk & recurring payments. ACH payments can be less flexible & less timely (real-time authorization) compared to credit card transactions.

- Restaurants & Healthcare/Dental are largely driving 100% card-based transaction strategies.
- A greater mix of ACH payments mixed with card-based transactions is seen across Field Services (48% card usage) and Government Services (62% card usage) owing to the recurring or subscription models often employed.
- On average we see 85% card-based and 15% ACH-based transactions across our entire client-base of Payrix solutions.

4 Typical Merchant Sales Cycle

Merchant onboarding is vital for SaaS platforms to grow their addressable market in today's payment landscape. A merchant activation sales cycle can vary in length depending mainly on the type and size of the business as well as the level of risk involved. The two most common challenges businesses face during the merchant onboarding process are 1) providing accurate information and documents for verification and 2) meeting the compliance requirements (KYC, AML, etc.). Our analysis considers all these factors in benchmarking typical Merchant Sales Cycle across verticals (from faster to slower).

- Education, Non-Profits & Restaurants showed the fastest merchant sales cycle in our methodology
- Legal & Government Services had slower merchant sales cycles compared to other verticals.
- It should be noted that variability does exist within each vertical based on merchant acquisition strategies & other factors present outside Payrix solution enablement. Our analysis is purely directional for insight purposes.

Vertical SaaS Benchmarking

5 Seasonality

Payments are ubiquitous today and processing volumes normally follow the flow of merchants & customers added as SaaS verticals grow in prominence. However, we do encounter some seasonal trends where transactional volume fluctuations hit peak-season operations in the following verticals:

- Field Services – Transactional volume spikes from May through November significantly outperforming the levels seen during the winter and early spring months when outside projects slow.
- Education – Sales volumes show a drop in June and July as most traditional schools are out of session for the summer season.
- Travel & Hospitality – Peak volumes are seen in two tranches 1) from May thru August as people take their summer vacations and 2) from November thru December due to winter holiday related travel.

*Disclaimer

The information presented in this report is based on internal Worldpay data from Jan 2024 to Nov 2024. The information provided is representative of sample Worldpay Payrix clients within select vertical software industries and is not wholly representative of all clients and/or other competitive offerings. Results are not guaranteed and are for illustrative purposes only.