

Vertical SaaS Miss the moment, miss the market

Explore real-world case studies, actionable data and expert insights into how vertical SaaS is reshaping entire industries.

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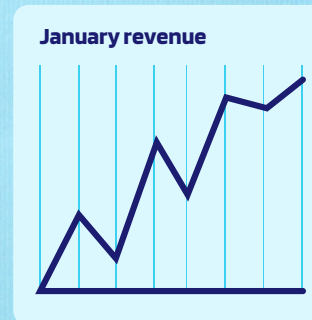
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1 Why vertical SaaS matters

In a market crowded with software options, trust has become a differentiator – one where vertical SaaS platforms can hold a decisive edge.

These platforms are built from the ground up with deep sector knowledge baked into every workflow, interaction and outcome. Independent Software Vendors (ISVs) operating in vertical markets are no longer viewed as technology suppliers. They are the trusted base camps responsible for supplying mission critical systems businesses rely on to keep their operations running and help them reach new levels of growth.

That trust compounds over time. It creates long-term relationships, lowers churn and opens the door to expansion through tailored, value-added services that go far beyond core functionality. As industries demand more specialised, compliant, and operationally relevant solutions, vertical SaaS is becoming indispensable.



91%
of businesses
are engaged in
digital initiatives



Horizontal SaaS fits everywhere. Vertical SaaS fits perfectly.

Unlike horizontal platforms such as CRMs, which attempt to serve many industries with a single framework, vertical SaaS platforms are purpose-built for one. That laser focus enables deeper workflow integration, stronger compliance, and solutions that reflect the realities of how work gets done in a specific sector. The result is software that becomes part of the operational fabric of a business.

There is a significant shift underway from horizontal to vertical SaaS platforms, with some fundamental reasons driving this transformation in the business landscape:

Horizontal stacks are fragmenting.

SMBs now juggle around **16 SaaS applications** on average, increasing complexity and operational drag.

Digitisation is no longer optional.

91% of businesses are engaged in some form of digital initiative, raising the bar for integrated, reliable platforms.

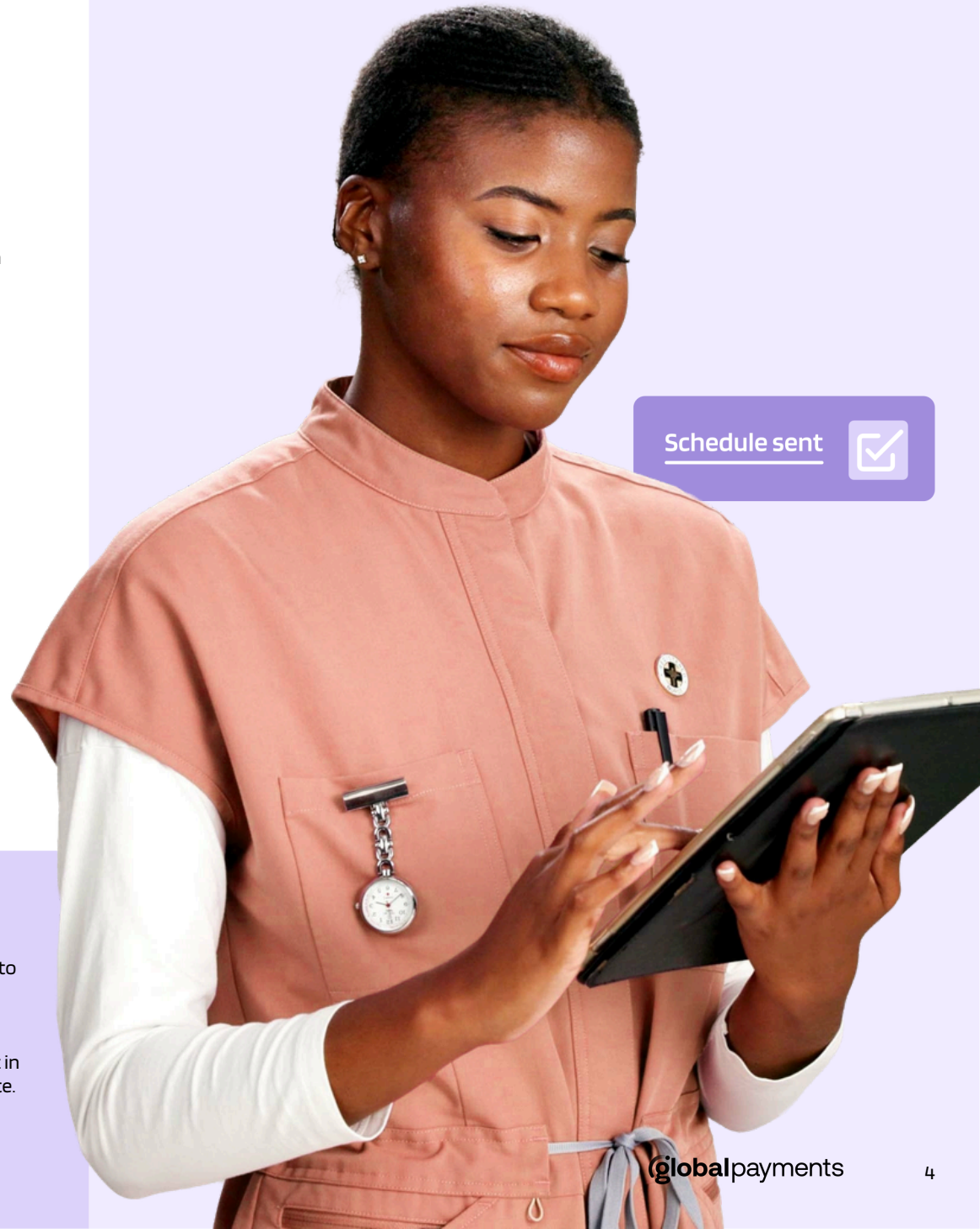
Expectations have changed.

There is growing demand across verticals for software to reflect the nuances of their industry, not just generic best practice.

Vertical SaaS platforms meet these pressures head-on by consolidating workflows, reducing dependency on disconnected tools, and acting as a true system of record for their industry.

Healthcare vertical software is leading the charge with a 20% compound annual growth rate. A vertical SaaS platform built for hospitals can unify electronic health records, regulatory compliance, scheduling, billing and patient engagement into a single, coherent workflow. These are capabilities a generic CRM was never designed to handle and simply can't deliver upon.

The same pattern plays out across fitness, manufacturing, education, field services and any other industry you can imagine. This deep vertical understanding can result in measurable impact, with Vertical SaaS helping to shape how entire industries operate.





The numbers tell the same story

Market performance reflects what's happening on the ground:

Explosive growth:

The vertical SaaS market is projected to grow from \$106 billion in 2024 to \$369 billion by 2033, more than tripling in size and outpacing many horizontal software categories.

Stronger profitability:

Vertical software companies deliver median EBITDA margins of around 15%, compared with roughly 6% for horizontal software firms, driven by higher retention, pricing power, and operational leverage.

What this e-book is about

This e-book explores how vertical SaaS platforms are becoming the backbone of business operations, and the role payments can play. It shows how industry-specific workflows can improve customer experience, where integration complexity creates both friction and opportunity, and how leading platforms are evolving into "everything platforms" by embedding payments.

Finally, it sets out the scale of the opportunity and how to stand apart in an increasingly competitive market.

2 ■ The core of business operations

For many companies, software is no longer a collection of tools, but the infrastructure that keeps businesses moving. Increasingly, that infrastructure is vertical SaaS.

Rather than stitching together generic applications, businesses are gravitating toward industry-specific platforms that act as a central command center for daily operations. Whether in healthcare, field services, education, retail, or fitness, vertical SaaS platforms coordinate the work that matters most by bringing people, processes and data together in one place.

This is where vertical SaaS begins to behave less like software and more like an operating system for a specific industry

What makes a vertical platform 'core'?

The defining characteristic of leading vertical SaaS platforms isn't the number of features they offer; it's the breadth of responsibility they assume inside the business across core functions.

And because these capabilities are designed to work together, data flows across the platform rather than being trapped in silos. The result is fewer handoffs, fewer workarounds and a clearer view of how the business is performing, all in real time.



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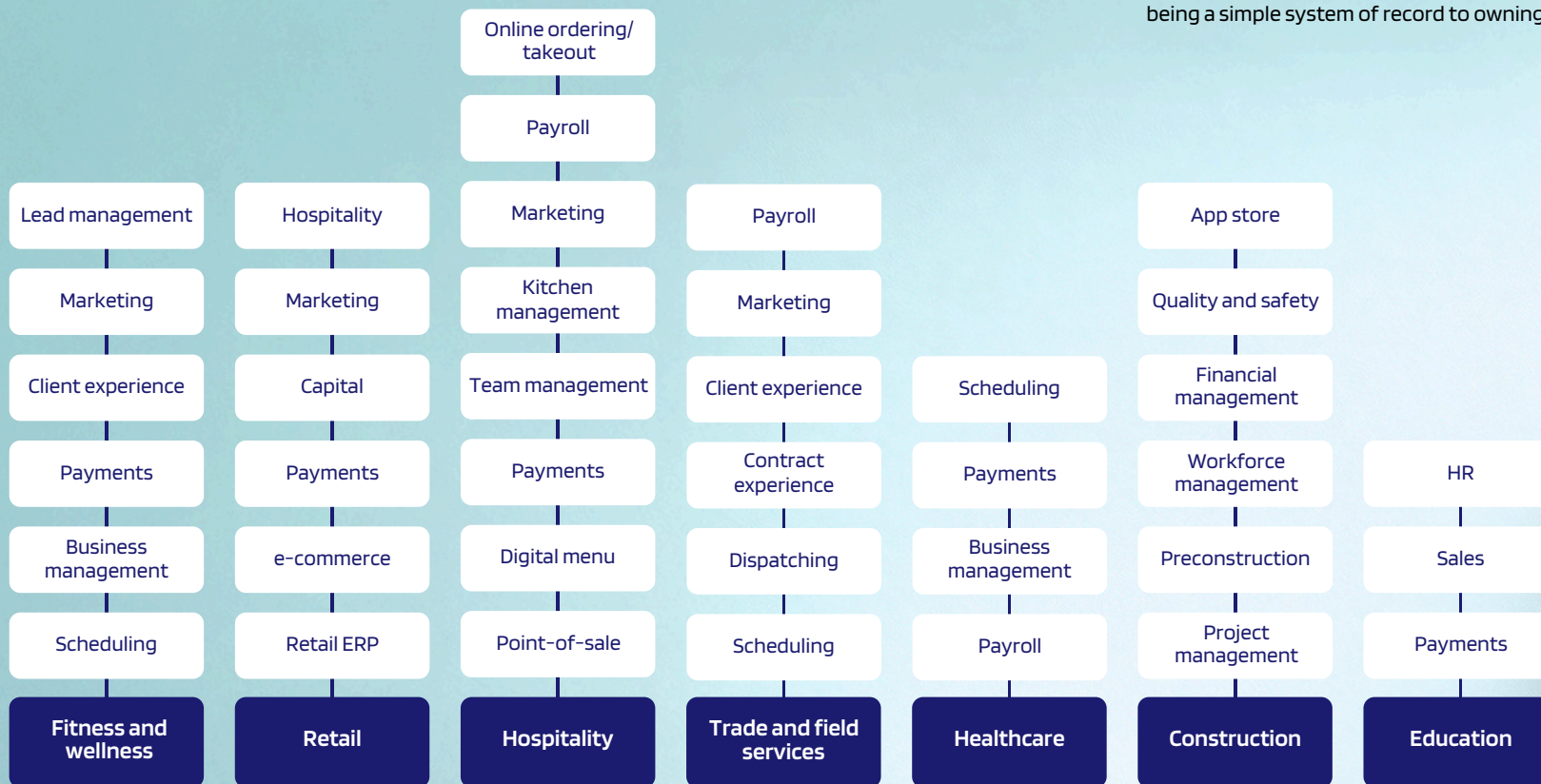
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Why interoperability matters more than features

Horizontal software often excels at individual tasks. The challenge for businesses comes when those tools need to work together. Disconnected systems create friction in the form of duplicated data entry, delayed reporting, reconciliation gaps and operational blind spots. As businesses scale, those inefficiencies can compound.

Vertical SaaS platforms are built to avoid this problem. By designing workflows end-to-end, rather than feature-by-feature, they can reduce operational drag and create a single, consistent source of truth for the business.

This interoperability is what allows vertical SaaS to move beyond being a simple system of record to owning the daily workflow.



How owning the workflow changes everything

When a platform owns the workflow, it becomes embedded in how work gets done across the organisation, not just in how outcomes are recorded.

This distinction is captured well in the concept of the 'vertical operating system'. This term describes perfectly how platforms can succeed not because they replace every downstream system immediately, but because they own the foundational activity that every part of the business touches.

Once a platform takes this position, it becomes increasingly difficult to displace. New capabilities are adopted faster, adjacent services become easier to introduce and the platform's role in the business only deepens over time.

Pre-configured workflows can drive faster ROI

Vertical SaaS platforms are purpose-built around the workflows of a particular sector, so require minimal customisation and are able to deliver value quickly. This is proven with the fact that Vertical SaaS solutions can be implemented in around 2-4 months, compared with 6-12 months for horizontal platforms.



1+1=10. The compounding effect of integration

What sets vertical SaaS apart is not just what it does, but how tightly it connects those capabilities.

When platforms bring operations, customer data, and commercial activity into a single environment, experience improvements compound. Decisions are made faster. Errors are caught earlier. Businesses gain a clearer understanding of what their customers value. This level of integration can also make it easier for companies to scale without degrading experience which becomes a greater challenge as businesses grow in size and complexity.

While **94%** of SMBs report satisfaction

with their payroll or HR solution, 70% would still consider switching to an all-in-one, verticalised platform.



Why experience becomes a growth lever

In competitive markets, experience isn't just about satisfaction, but differentiation. Vertical SaaS platforms that consistently deliver smoother operations and better customer outcomes become harder to replace, even when alternatives exist. This is where experience and retention intersect. Platforms that combine operational depth with simplicity can shape how businesses are perceived by their own customers. As vertical SaaS platforms continue to take on more responsibility within the business, the experiences they enable can be direct drivers of growth.

Setting the stage for payments

As customer experience improves across operations, sales and service delivery, one expectation becomes unavoidable: transactions should be just as seamless as everything else. When payment sits outside the core workflow, friction can reappear. When it's embedded, experience stays intact for staff and customers alike. That's why payments increasingly move to the center of the platform.

3

The critical role of embedded payments

Appointment confirmed

March 4 | 11:00AM | Dr. Moore

Payment complete



As vertical SaaS platforms take on greater responsibility for daily operations, payments become impossible to ignore.

They are no longer a back-office task completed after the real work is done. In vertical SaaS, payments sit at the intersection of experience, insight, and growth. When payment flows live inside the same platform that manages scheduling, inventory, services, and customer records, they stop being a point of friction and start reinforcing the value of the platform itself.

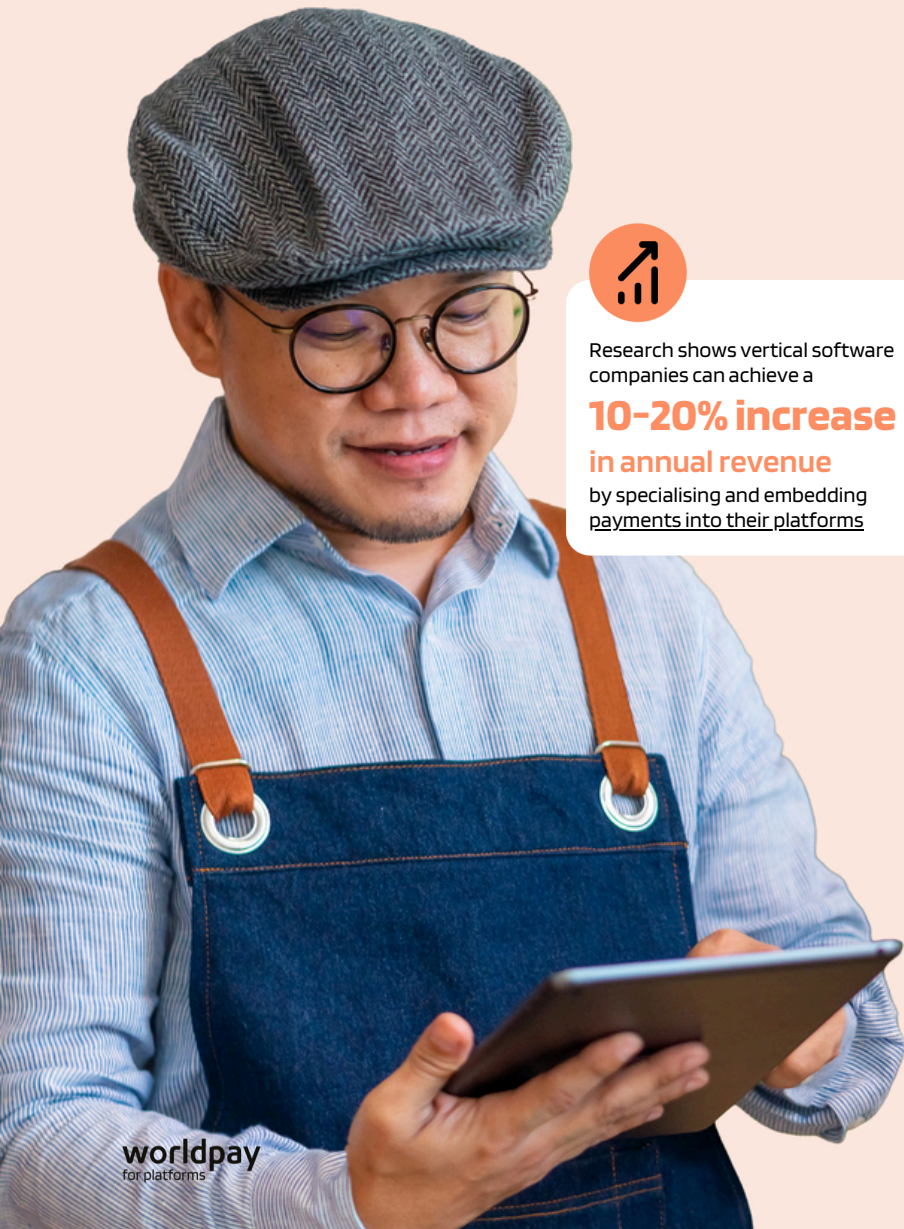
Payments help shape experience

For businesses and their customers, payments are high-stakes moments. Delays, errors or workarounds undermine even the best operational experience. Embedded payments help remove these problems by keeping transactions inside the workflow where value is created.

This delivers tangible improvements across the business from improved customer experiences to greater financial visibility through real time insight into cash flow and reconciliation. As a result, patterns emerge faster, exceptions are easier to spot, and decisions improve because they are grounded in real activity, not lagging reports.

Each benefit is incremental on its own, but together, they can make for a powerful and complete platform.

Embedded payment as a driver of growth and differentiation



Research shows vertical software companies can achieve a

10-20% increase in annual revenue

by specialising and embedding payments into their platforms

The impact of embedded payments extend well beyond individual merchants. At scale, it is playing a part in reshaping the economics and growth potential of software platforms themselves.

Embedded payments are already contributing to platform revenue, customer usage and retention. For software providers, the value is not just in enabling transactions, it is in making payments part of the product experience.

Embedded payments are increasingly contributing to platform revenue, customer adoption and long-term retention. Research shows that when payments are built directly into the software experience, they can become a meaningful growth lever rather than just a utility layer

The figures point in one direction:

For vertical SaaS providers, the commercial upside is clear. Research shows that platforms embedding payments can increase revenue per user by 2-5x.

Leading platforms illustrate this shift:

Mindbody now generates more than

50% of its revenue from payments.

Shopify's merchant solutions accounted for

74% of total revenue in 2023

Between 2022 and 2024, supported by embedded payments

Clio doubled ARR from \$100M to \$200M

Beyond top-line growth, embedded payment can improve platform economics. Payment revenue can be higher-margin, while recurring transactions increase customer lifetime value and net revenue retention.

Crucially, this growth is demand-led. Many businesses are actively looking to their software providers for payment capabilities that simplify operations and support growth. One in five would switch platforms entirely to access the payment capabilities they need.

4. Integration challenges in embedded payments

Embedding payments can transform a vertical SaaS platform, but also introduce a new layer of complexity that many software companies underestimate.

Payments touch sensitive data, regulated processes and money movement. As platforms move closer to the financial workflow, the demands increase: technically, operationally and commercially. The challenge is how to deliver that value without distracting from the core product or fragmenting the organisation.



Two tracks platforms **must solve**

For most software platforms, the challenges fall into two distinct but tightly connected tracks. Each is typically owned by different teams, but success depends on strong cross-functional alignment.

Track 1: Platform, risk, and delivery complexity

Managing technical complexity

Connecting to gateways, implementing tokenisation, fraud prevention and securing financial data requires specialist expertise and ongoing maintenance.

Supporting operational scale

Underwriting merchants, handling chargebacks, managing settlements and coordinating third-party providers introduce new operational responsibilities

Ensuring security and compliance

Platforms must protect sensitive financial and personal data while meeting strict regulatory requirements such as PCI DSS and HIPAA.

55% of employees adopt SaaS apps without security involvement

77% of merchants report a rise in fraud in the past year

Delivering a seamless user experience

Balancing feature depth with simplicity is critical. Overly complex financial experiences slow adoption; underpowered ones push users elsewhere.

Defining the GTM model

Platforms can decide how payments are positioned, priced, and packaged alongside core software.

Owning the customer experience

As platforms seek to control more of the end-to-end experience, aligning payments with brand, messaging, and onboarding becomes harder — not easier.

Enabling sales and success teams

Selling payments requires different narratives, incentives, and training than selling software. Without alignment, adoption stalls.

Maintaining differentiation

As more platforms embed payments, GTM execution, not just capability, becomes the differentiator.

Track 2: Go-to-market and commercial complexity

Alignment is crucial

Solving both tracks at the same time can be challenging. Technical delivery without a clear GTM plan leads to underutilised features. Strong GTM ambition without operational readiness creates risk and friction.

For vertical SaaS platforms, success depends on aligning product, engineering, risk, sales and marketing around a shared payments strategy that strengthens the platform rather than distracts from it.

This alignment becomes the foundation for the next stage of growth.

5. ■ Becoming the “everything platform”

Even with the complexity outlined in the previous section, the direction is clear. Many of the vertical SaaS platforms growing the fastest are those that deeply understand their merchants and build capabilities around how they operate, not around abstract product roadmaps.

The shift toward the “everything platform” doesn’t happen by chance. It happens when software platforms strategically design payments as natural extensions of core workflows.

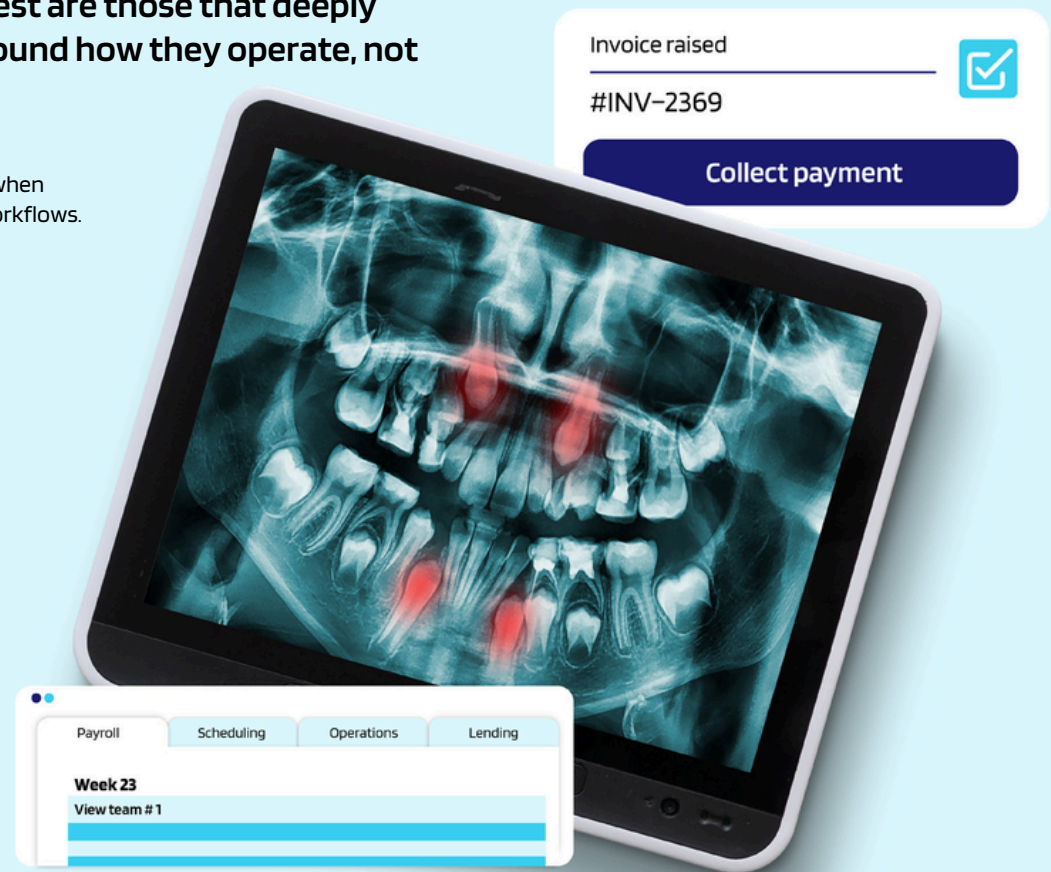
What the “everything platform” really means

Despite the name, the “everything platform” isn’t about offering every possible feature. It’s about offering the right capabilities in the right places, at the moments that matter most to a specific industry and their users.

At its best, this approach brings together:

- **Core operational software** that runs daily workflow.
- **Embedded payments** that remove friction at critical transaction points.

When these elements are aligned, the platform becomes harder to replace – not because it does more, but because it does what matters better.



How the “everything platform” plays out across industries

Healthcare: Streamlined patient experience

In optometry, patients expect quick, modern checkout. By embedding payments directly into scheduling and EHR workflows, the practice removes manual billing steps and supports contactless payment options.

Eyefinity's COO

“Integrated Payments allows practices to deliver great patient experiences through the checkout process. It’s seamless, it’s fast, and it supports all modern payment technologies.”



Education and childcare: Offloading risk responsibly

Daycare centers and schools manage large volumes of sensitive personal information, and that responsibility extends to payments. Embedding payment capabilities must go hand-in-hand with robust security and compliance to protect families and meet regulatory requirements.

Bye bye burden

For HubHello, taking on the development, compliance, and risk associated with a bank-led payments solution wasn't the right path. Instead, they partnered with Worldpay for Platforms to deliver embedded payments without inheriting unnecessary operational burden.



Fitness: Scalable growth with embedded payments

Gym operators expect member payments to be seamless, reliable, and fully integrated into the platforms they use every day. As Perfect Gym expanded into Australia and New Zealand, the business embedded payments directly into its platform, enabling a consistent, branded experience while removing operational complexity.

The impact is clear

12,600%
transaction growth

Perfect Gym achieved 10.5x monthly transaction growth within five years.

Retail: Reducing the cost of fraud

Fraud is one of the most expensive and damaging risks retailers face. By consolidating transactions into a single system of record, platforms can apply layered protections such as tokenisation, encryption and real-time fraud monitoring, reducing exposure to chargebacks and unauthorised transactions while keeping checkouts fast.

The stakes are high

Over **41%** of companies

suffer fraud losses exceeding \$10 million annually, with the average retail business losing \$11 million per year.

Why now: the market opportunity

This is a rare moment where market growth, investor confidence, customer expectations and technological capability are all reinforcing one another to create a powerful window for vertical SaaS platforms to pull ahead.

The case for vertical SaaS has been building for years. What makes this moment different is that market growth, investor appetite, customer demand, and technology capability are all converging at once. For software platforms, this combination creates a narrow window where acting decisively may deliver outsized advantage.

SaaS adoption is accelerating – and vertical SaaS is pulling ahead

Cloud software has become the backbone of business operations. The global SaaS market is projected to reach around \$300 billion in 2025, growing at approximately 18% annually as businesses continue to digitise core processes

Within that growth, vertical SaaS is expanding even faster. Analysts project the vertical SaaS market will grow from \$106 billion in 2024 to \$369 billion by 2033, reflecting clear demand for industry-specific platforms that consolidate workflows and reduce complexity.





Investors are backing vertical models

Vertical SaaS companies have consistently outperformed broader software benchmarks, driven by sticky revenue, higher margins, and clear expansion paths.

Vertical SaaS: Miss the moment, miss the market

+117%

capitalisation growth

Vertical SaaS Index: \$178.9B → \$441.4B (Mar 2020–Q3 2021)

2.4x

Vertical SaaS Index: +117.3% vs SP500: +48.8% (Mar2020–Q3 2021)

Stronger

Median free cash flow margin: 12% vs 6% for public SaaS

The message from investors is clear: platforms with vertical focus and embedded expansion potential are built to scale and may be valued accordingly.

A widening gap — and a chance to move early

Despite strong demand for embedded payments, only around 20% of non-financial platforms currently address their customers' financial needs in a meaningful way. That gap creates a significant opportunity for ISVs willing to move beyond core software and embed payments into their platforms.

Markets reward that ambition. Vertical SaaS companies have traded at average revenue multiples of around 12.3x annual revenue, compared with approximately 7.6x for the broader SaaS market, likely reflecting investor confidence in platforms that combine vertical focus with payment integration.

ISVs that act now can capture a disproportionate share of growth before embedded payments becomes table stakes.

AI is accelerating the advantage of vertical platforms

AI adds urgency to this moment.

As software providers incorporate AI-powered automation and decision support, the platforms best positioned to benefit are those with deep vertical workflows and high-quality, industry-specific data.

This isn't about sprinkling AI features across generic tools. Vertical SaaS providers are using AI to move from digitising processes to augmenting and automating them – reducing errors, improving recommendations, and unlocking new insights from proprietary data.

AI: From systems of record to systems of intelligence

Vertical SaaS platforms are increasingly using AI and automation to augment industry-specific workflows, not just record them. By combining deep domain expertise, embedded payments, and AI-driven insight, platforms can deliver smarter recommendations, automate routine tasks, and unlock entirely new revenue streams. For ISVs, AI can be a force multiplier when embedded into the right workflows.

Why timing matters

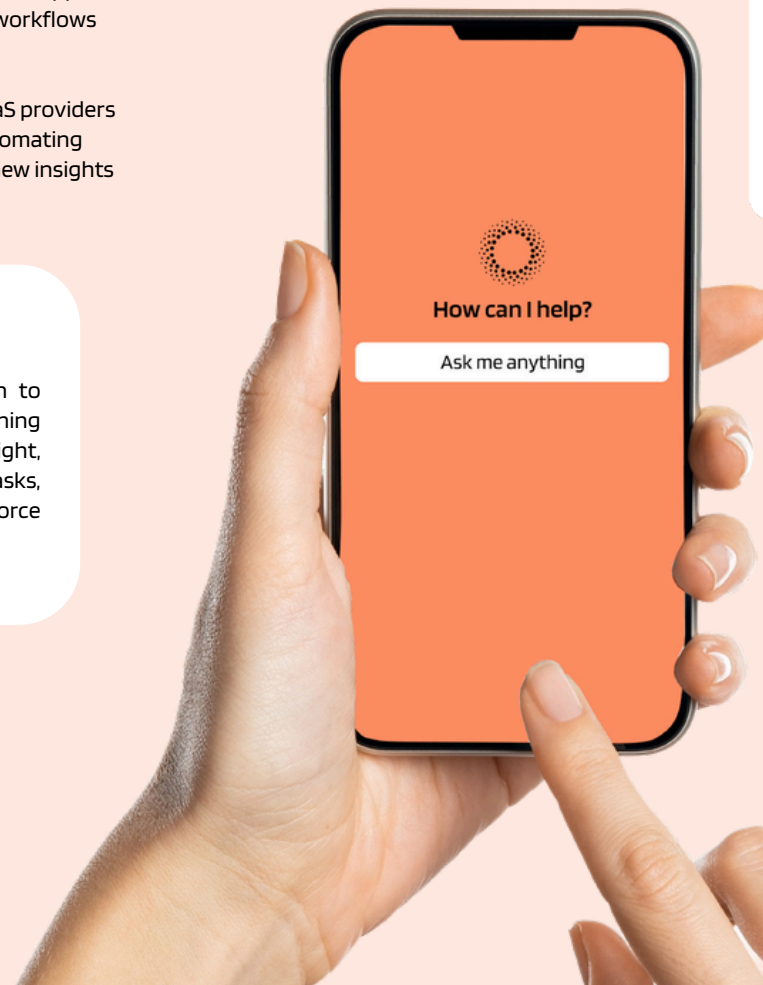
Taken together, these forces make the opportunity unusually clear. SaaS adoption is accelerating. Vertical platforms are outperforming. embedded payments demand is proven. AI is amplifying the value of platforms that already own workflows and data.

For software providers, the question is: who will move early enough to define it?

Research from SaaS
Capital shows that

76% of SaaS
companies

are already using or actively
exploring AI for their operations



7 Building competitive advantage: A focused roadmap for success

As vertical SaaS marketing continues to grow and competition intensifies, embedded payments becomes a necessity. But in order to stand out and stay ahead, it's about more than capability, it's about efficient and successful execution.

Creating competitive advantage in payments requires a clear set of choices, not a one-size-fits-all approach.

Build vs. partner

Determine if payments capabilities should be developed in-house or delivered through a specialist partner.

Accelerate time-to-market

Our onboarding model removes complexity for merchants by handling KYC, compliance and payment setup end-to-end. This would significantly reduce admin effort and accelerating time to transact.

Leverage expertise

Payments partners can help platforms optimise performance, identify growth opportunities and refine payment workflows, ensuring programs deliver value as businesses scale.

Mitigate risk and ensure compliance

Outsource underwriting, fraud management and compliance. Lower risk exposure and free internal resources by relying on partner-led security and regulatory frameworks with a partner that supports the entire process.

Increase revenue and margins

Boost monthly revenue through revenue-sharing models. For example, FitDegree's CEO reported an increase of about \$30 per client per month [after joining Worldpay](#).

Execute an integration roadmap

Plan and implement a phased approach. Evaluate workflows and pain points, select a partner or in-house strategy, integrate via APIs/SDKs, migrate merchants, train teams, and roll out additional payments features.

Define the GTM plan

Many platforms underestimate the go-to-market challenge of payments. Even with a strong product in place, adoption can stall without a clear plan for how payments are packaged, priced, communicated and activated across the customer journey.

A phased integration checklist



1. Assess workflows and pain points within the existing platform

Identifying where payments can create the most natural value.



2. Define the GTM approach

Consider how payments will be positioned, packaged, priced and introduced to customers.



3. Decide where to build and where to partner

Select the operating model that supports both technical delivery and GTM goals.



4. Integrate payments via APIs or SDKs

Embed payments directly into core workflows and user journeys.



5. Enable teams and launch to market

Train sales, customer success and support teams; align incentives, messaging and onboarding.



6. Migrate and onboard merchants efficiently

Drive adoption through in-product prompts, guided activation and clear value communication.

This approach reduces risk, accelerates learning, and ensures each phase strengthens, rather than complicates, the platform.

8. The advantage

Vertical SaaS platforms have become a backbone of business operations.

Those that embed payments deepen their role, can strengthen retention and unlock significantly greater value over time — with research showing the potential to drive up to 5x more revenue per user when financial capabilities are built into the platform.

As merchant expectations shift and the market accelerates, embedded payments is no longer a differentiator for the future, but a requirement for platforms that want to lead. The following four takeaways summarise how platforms can turn this opportunity into tangible growth.

1. Start with the customer: Build deep workflow integrations that simplify daily operations and delight end customers.

2. Integrate payments early: Integrated payments improve cash flow, reduce errors and pave the way for additional financial products.

3. Evaluate partnerships: Partnering accelerates go-to-market, reduces risk and opens revenue-share opportunities.

4. Act now: The vertical SaaS market is booming and competition is intensifying; early movers may capture a disproportionate share of growth.

Vertical SaaS platforms that embed payments capabilities drive up to

5x more revenue
per user

worldpay
for platforms

globalpayments

Ready to enhance your platform's capabilities?

Learn more

Talk to the Worldpay for Platforms team about embedded payments that fit your workflows, your customers, and your growth ambitions.

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