



Top Strategies for Online Marketplaces



What Is a Marketplace Platform

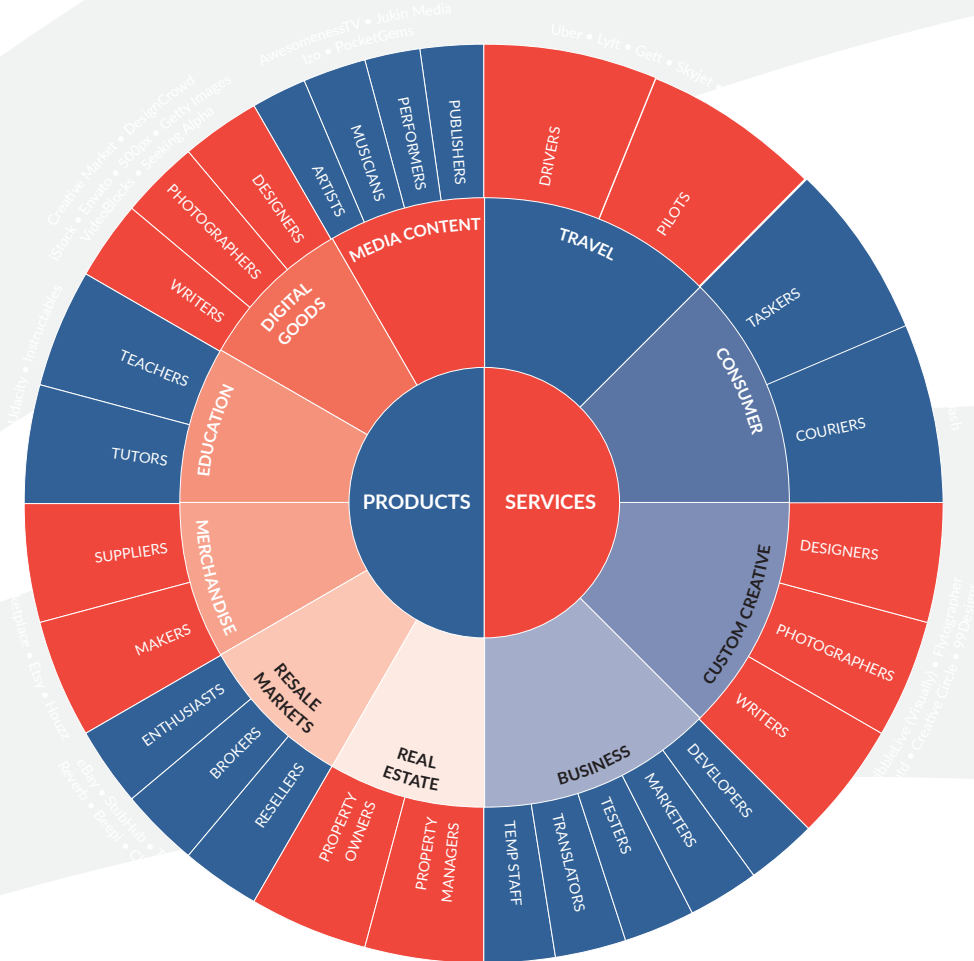
Crowdsourcing, the sharing economy, the gig economy—you've heard them called many names. But these multi-sided business models are all considered one thing—Online Marketplaces. And today, they are the lifeblood of the internet.

Businesses and consumers are growing ever-reliant on marketplaces for on-demand products and services. If they need something unique or a solution where standard options are unsuitable, online marketplaces can offer vast, affordable, and convenient options.



Types of Marketplaces & Their Partners

A visual look at Marketplace Platforms, including the type of offering (product or service), industry, who they pay, and representative brands in each category.



Typical Marketplace Challenges

Partner Onboarding



Suppliers and service providers are unpredictable and have minimal loyalty. This requires marketplaces to quickly onboard new, eager partners while managing the churn of those partners that don't get the results and gratification they need to continue.

Streamline Operations

- Maintaining profitability can be problematic due to price sensitivities in an open market.

Every side of the operation (fulfillment, customer interaction, and partner interaction) must be as streamlined as possible.

Scale Business



While growing into a recognizable and reliable brand, economies of scale must be employed. Operating locally without thinking globally, stagnates the marketplace, and limits its potential.

Partner Experience



Most financial operations are focused on one side of the marketplace—customers.

But this neglects the entire supply side of the platform. Delivering an exceptional partner experience improves the longevity and quality of the marketplace.

Payment Infrastructure



Even if they have billions in venture capital, visionary marketplaces with an extended view know that they need multiple solutions to pay their partners. Putting in place an adequate partner payment infrastructure can meet the needs of a diverse partner base.

The Importance of Partner Payments

Although the marketplace industry continues to shift with evolving demands, one critical aspect remains—the need to compensate for an increasingly global stream of service providers and suppliers. Payments are paramount for establishing a loyal, motivated, high-performing, and valuable network.

Efficiently paying their partners allows marketplaces to mitigate risk, reduce compliance burdens, and maintain profitability while building a solid foundation to successfully scale worldwide.



3 Common Payment Issues for Online Marketplaces


1: Operational Challenges

- Time spent onboarding or emailing an ever-changing partner population
- Siphoning resources to populate partner bank account data
- Complying with IRS FATCA and international tax compliance requirements
- Investigating and resolving payment errors and issues

2: Global Partner Challenges

- Validating that partners are legally payable
- Paying in preferred methods and local currency
- Adhering to local banking and regulatory issues

3: Management Challenges

- Reporting on payments across multiple accounts that take hours or days
 - Inefficient in-house systems built from proprietary code that must be maintained like an off-the-shelf product
 - Hiring additional staff to meet growing payments needs
 - Mitigating fraud risk
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Outgrowing PayPal as a Viable Solution


Many marketplaces rely on PayPal when they start out. But it isn't long before businesses start to outgrow PayPal as a payment processor.

These are the significant challenges marketplaces face when paying partners through PayPal:

- Potentially higher fees (including currency conversion)
- Some locations not supported by PayPal
- Funds can be harder to extract
- Difficulties engaging with PayPal
- Support when problems arise

Some marketplaces even resort to creating multiple payment pathways for various partners. For example, businesses might have a dedicated process to remit PayPal payments. Then, to service their other partners, they create additional pathways for wire transfers, ACH, and paper checks. This process is a vast operation and can significantly limit the visibility of funds for senior management.

If our marketplace has 20 partners to pay, separate payment paths might seem manageable. But what do you do when you have 200 or 2,000? Do you hire more staff or limit the markets you enter? Or do you find a better way to manage your partner payments?




The Benefits of Automation

A traditional payables operation is often an error-filled accounting process. The entire endeavor operates at a loss to the bottom line and ultimately impacts profitability.

An automated payments operation goes beyond sending wire transfers and making PayPal payments. It centralizes payment accounts, streamlines partner onboarding, increases payment options, reduces tax and compliance burdens, and reconciles transactions in real-time.

Decreasing the manual burden of payables allows your finance team to re-direct their effort to high-value areas of the business.

For high-performing marketplaces, automation drives the business forward in these critical ways:


- Expediting marketplace growth to take advantage of global partners
 - Adding operational scalability and efficiency
 - Gaining real-time payment reporting to drive financial decisions
 - Reducing the transactional workload
 - Freeing up time for strategic data analysis
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How Real-World Online Marketplaces Use Payments to Their Advantage

SmartShoot

Who They Pay: Photographers & Filmmakers

SmartShoot  SmartShoot helps some of the world's premier brands, including Yelp, UberEats, YouTube and, Zillow, acquire photo and video content at a massive scale.

Increased international expansion caused SmartShoot to have a payments operation that was a drag on the entire ecosystem. Their finance team was taking two full days each month to pay its creative talent. By implementing an automated payables solution, SmartShoot streamlined all manual operations, eliminated U.S. and global tax penalty risks, and freed up finance to lead strategic corporate development.

“Every single part of our process, from onboarding filmmakers and collecting and validating their tax information to paying them, is now global and scalable.”

—**John Pfeister,**
Head of Finance, SmartShoot

Article One Partners

Who They Pay: Patent Researchers



Article One Partners is a global patent research network employing hundreds of researchers compensated for premier evidence on patent-related information.

As the company grew, it ran into a scalability issue— with the addition of researchers around the world, the process of remitting payments became increasingly time-consuming and burdensome. By implementing an automated payables solution, Article One Partners has improved community satisfaction by offering payments in local currency and significantly reducing payee paperwork.

“We’re a scaling company, and now we can expand operations more quickly with a simple, effective global mass payment solution.”

—Eric Baer,

Vice President Product & Technology, Article One Partners

Skillshare

Who They Pay: Teachers



SKILLSHARE Built to fuel both creativity and career, Skillshare enables its users to learn cutting-edge skills with a growing community of creators.

Because of increased scaling, Skillshare was having issues managing growing international expansion and robust invoice processing and payments. By implementing an automated payables solution, Skillshare automated invoice processing, increased its efficiency with global payments, and integrated seamlessly with its accounting software, QuickBooks Online.

“If you’re not paying people on time, you’re not professional. Having a best in class payments platform is a big benefit for our influencers.”

—Leslie Pesante,
Head of Finance, Skillshare

Boost Media

Who They Pay: Ad Copywriters & Designers



Boost Media enables marketers to source, test and optimize creative ads using thousands of independent writers and graphic designers worldwide.

For Boost Media, payments became overwhelming when the company scaled and needed to capture a global marketplace of providers. To upgrade and streamline its partner payment processes, they replaced PayPal with a global payables automation solution. Also, payment automation enabled easy searching and tracking of all payments, discerning exceptions, reducing fraud, and ensuring full compliance with all local and national laws and regulations.

“We’ve centralized the entire process in one dashboard while getting all the reconciliation in real-time.”

—Rob Lenderman,
Co-Founder & Chief Operating Officer, Boost Media



Are you ready to remove the complexities around paying partners?

For online marketplaces, attracting customers and building a brand is a well-understood effort. Managing the partner side is an entirely new complexity to contend with. The key to scaling and success is a lean, strategically-focused operation.

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