

F R O S T & S U L L I V A N

2024 ENABLING TECHNOLOGY LEADER

*IN THE GLOBAL
PAYMENT FACILITATOR
INDUSTRY*

F R O S T & S U L L I V A N

BEST
2024 PRACTICES
AWARD

 **boku**

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Boku excels in many of the criteria in the global payment facilitator space.

AWARD CRITERIA	
<i>Technology Leverage</i>	<i>Customer Impact</i>
Commitment to Innovation	Price/Performance Value
Commitment to Creativity	Customer Purchase Experience
Stage Gate Efficiency	Customer Ownership Experience
Commercialization Success	Customer Service Experience
Application Diversity	Brand Equity

Industry Overview

The realm of payments is changing continuously. Mobile-first delivery of payments and commerce solutions is imperative for success in the global digital payments industry. Businesses and brands are rapidly embedding payment capabilities into their portfolios, enhancing service offerings while adding new monetization engines to their existing business models.

“Boku has been a trailblazer in cutting-edge embedded payments technology since its inception in 2008. Specializing in payment aggregators and facilitators for LPMs, such as digital wallet, account-to-account (A2A) payment rail, and direct carrier billing (DCB), the company consistently optimizes payment process systems to deliver enhanced customer value.”

– Dewi Rengganis
Senior Industry Analyst

Frost & Sullivan forecasts the embedded payments industry to reach \$93.7 billion in 2029, with an annual growth of 19.6% between 2023 and 2029. The growth is attributable to two trends: businesses and brands increasingly adopting embedded payment solutions to improve customer stickiness and generate new revenue streams through payment monetization, and governments actively promoting local payment methods (LPM) to foster innovation and digital economies in the market. Local payment methods have emerged to address the needs for consumers that may not have access to payment cards (e.g., credit or debit cards), often reflecting local preferences. One innovative solution gaining traction is

direct carrier billing (DCB), which leverage mobile network operators’ partnership with payment service providers for seamless transactions. For digital services, the operating model of DCB has many attributes of the ideal LPM solution. DCB enables consumers to make purchases of digital services (e.g.,

entertainment, games, apps), with payment directly billed to their mobile postpaid or deducted from their prepaid balance. While various options exist to tightly integrate payments into the native customer experience, DCB has emerged as a preferred option for delivering advanced digital payment solutions. Users only need their mobile numbers as a credential to make digital service purchases, resulting in a seamless experience.

Local payment rails eliminate the need for a global network like Visa or Mastercard. These networks typically charge hefty costs to process payment transactions compared to local payment methods (LPMs). As the industry evolves, Frost & Sullivan observes a shift in customer behavior toward payment references; they increasingly favor local payment options for convenience and cost efficiency.

To address this need, businesses are demanding payment solutions that provide easier access to integrating payment capabilities, enabling them to quickly roll out new payment features (e.g., LPMs, subscription management, and biller preferences). Through development approaches (e.g., low/no-code

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solutions) and application programming interfaces (APIs), local payment systems offer easier integration and are more technologically sophisticated. In the hyper-personalization era, seamless and faster deployment will be critical for driving the growth and adoption of embedded payments.

As part of the payments value chain, payment facilitators (PayFac) are crucial in helping businesses embed and accept digital payments legally and securely in markets worldwide. To operate as payment service providers, businesses need to obtain licenses and comply with local regulatory policies, which

can be a complex process. As a result, businesses partner with PayFac to minimize the investment cost and the risk of payment license burdens.

Frost & Sullivan notes that despite acknowledging the benefits of local payment solutions, businesses often find it difficult to identify and integrate with the appropriate solutions. PayFac enables businesses to overcome this challenge by providing benefits and features (e.g., expanded local reach, streamlined merchant onboarding) and aggregating disparate LPMs. Moreover, PayFac handles various operational activities, including money movement and fraud mitigation.

Boku: Global Impact and Industry Leadership

Boku has been a trailblazer in cutting-edge embedded payments technology since its inception in 2008. Specializing in payment aggregators and facilitators for LPMs, such as digital wallet, account-to-account (A2A) payment rail, and digital carrier applications, the company consistently optimizes payment process systems to deliver enhanced customer value. Boku’s dedication to embodying global localization is evident in its mission to simplify global expansion for merchants by providing seamless access to the world’s most popular payment methods.

The influence of UK headquartered Boku extends far beyond its origins. The company is an international local payment network with strategic subsidiaries in countries like Brazil, Estonia, France, Germany, Hong Kong, Indonesia, India, Japan, the United Kingdom, Singapore, Spain, Taiwan and Vietnam. With over 15

years of industry expertise, Boku is a trusted name in mobile payment solutions, licensed to support regulated payments in 54 markets and catering to global brands that want to serve domestic payment needs.

As a global network that aggregates LPMs, Boku's solutions include over 300 of the world's most popular payment methods across various markets. The company's extensive network and licenses enable businesses to reach more consumers and facilitate cross-border commerce. Furthermore, businesses can eliminate the complexity of navigating complex regulatory and legal requirements. These include establishing local entities, obtaining licenses, and managing local currency collection by partnering with Boku. The company empowers businesses to unlock enormous growth opportunities in the payments industry while taking on the heavy lifting.

Boku builds payment solutions that offer greater flexibility because it knows that understanding the various payment processing methods can be challenging. This allows businesses to focus on their core priorities. Boku facilitates end-to-end payment processing, from collection to settlement, while accommodating each business' unique operational, financial, and legal requirements. Businesses have different preferences for the settlement process; some prefer local settlement in each market through their domestic entities, while others opt to consolidate the settlement model, receiving payments in a single currency (e.g., Euro or USD) or a centralized entity in a specific business location. This capability is a testament to Boku's technology adaptability, which serves multiple applications and addresses diverse business needs.

In 2023, the company expanded its payment network and completed 125 new payment launches with existing and new merchants. Its list of merchants includes blue-chip organizations such as Amazon, Disney, Google, Meta, Microsoft, Netflix, and Spotify. The expansion, along with the increase of volume transactions in digital wallet settlements, drove the take rate to almost 80 basis points in 2023, up from 72 basis points in 2022. Take rate is an indicator of a company's revenue generator, with higher take rates equaling greater success. Boku displays a track record of bringing its payment solutions to the market with a high take rate.

Commitment to Innovation and Creativity

In 2023, Boku focused its investments on two areas, expanding its LPM capabilities and bolstering its payments system infrastructure. This enables Boku to grow its network and process payments across 60 markets worldwide. Serving leading international companies for over 10 years, Boku prioritizes collaborating with these clients and working with various stakeholders to address their challenges on a global scale. The company's unwavering commitment to quality extends throughout the development and operational processes. Boku develops innovative APIs and bespoke payment flows that cater to the specific needs of high-value clients. These clients have their own complexities with back-end systems that require specific integration processes. The ability to deliver business-specific solutions that can directly and efficiently contribute to customers' success is a key reason for Boku's success. Boku demonstrates a customer-centric approach that can adapt and integrate based on the unique payment flows of global merchants. Unlike traditional payment providers that implement standardized solutions in their service delivery model, Boku prioritizes bespoke integration, effectively serving each unique customer's needs.

Beyond its customized configuration, Boku's payment system excels in facilitating payments at a global level, making it a fitting solution for merchants to reach cross-border consumers. Boku's payment network stands out for its remarkable scalability with coverage of more than 300 LPMs, addressing diverse cross-border payment flows and methods through seamless integration. Its commitment to customization fuels continuous innovation, enabling the development of new capabilities and the enhancement of existing ones.

Boku enables merchants worldwide to grow their businesses by delivering the Innovative Partner Marketing program. The program aims to help merchants acquire new users by leveraging the scalability of Boku's global LPM network so businesses can create effective digital marketing and offer better payment choices based on the user's preferences. In 2023, the company empowered its merchants to acquire over 66 million new users through various targeted bundling and user acquisition programs. Boku actively pursues white space opportunities by creating innovative programs, pushing the boundaries of form and function in the payments landscape.

Financial Performance

With its end-to-end solutions, Boku provides businesses with a one-stop shop for all their payment processing needs. The company recorded 67.4 million active users in December 2023, representing an impressive year-on-year (YoY) growth of 29%. The surge in active users directly contributed to the growth of total payment value (TPV). The company processed payments totaling \$10.5 billion in 2023, achieving a 19% YoY growth. The TPV growth included a 19% rise in DCB-related payments and an impressive triple-digit increase of 250% in transactions encompassing digital wallets and A2A.

The company also demonstrated exceptional financial performance, registering \$82.7 million in revenue, generating a 30% growth in 2023. This is primarily due to the significant growth of its LPM network for its global merchant base. In addition, Boku's EBITDA exhibited a strong growth of 27% in 2023, reaching \$25.8 million. Moreover, the company's profit before tax surged to \$11.4 million, representing a threefold growth of 178% in 2023. Overall, these financial metrics highlight Boku's successful performance last year, indicated by positive revenue and profit growth.

Conclusion

Boku's global payment network presents a compelling option for businesses operating regionally and internationally to implement next-generation payment solutions. The company's enabling technology leads the market, offering customization in developing payment capability and addressing a wide range of global merchant needs. Its mission ensures effective payment integration, aggregating disparate local payments and creating innovative programs that add value. This empowers customers to scale their business globally. Boku is on a mission to assist customers in increasing profitability and sustainability in payment monetization. The company itself is a pivotal element in fulfilling this mission, providing a reliable payment solution for global-localization challenges. Adoption by leading global organizations operating at the frontiers of digital commerce is a testament to the capabilities of Boku's solutions.

For its strong overall performance, Boku is recognized with Frost & Sullivan's 2024 Global Enabling Technology Leadership Award in the payment facilitator industry.

What You Need to Know about the Enabling Technology Leadership Recognition

Frost & Sullivan's Enabling Technology Leadership Award recognizes the company that applies its technology in new ways to improve existing products and services and elevate the customer experience.

Best Practices Award Analysis

For the Enabling Technology Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Technology Leverage

Commitment to Innovation: Continuous emerging technology adoption and creation enables new product development and enhances product performance

Commitment to Creativity: Company leverages technology advancements to push the limits of form and function in the pursuit of white space innovation

Stage Gate Efficiency: Technology adoption enhances the stage gate process for launching new products and solutions

Commercialization Success: Company displays a proven track record of taking new technologies to market with a high success rate

Application Diversity: Company develops and/or integrates technology that serves multiple applications and multiple environments

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan’s proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

[Learn more.](#)

Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

