THE PAYMENTS SHOW

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E78:
VENDING 2.0: NAYAX CASHLESS PAYMENTS FOR UNATTENDED RETAIL

GUEST

Yair Nechmad

Founder

HOSTED BY

Satwant Phull

[00:00:00] Further Information

[00:00:00] **Satwant:** hi, I'm your host Satwant, and welcome to this episode with Yair Nechmad from Nayax. If you'd like to watch the video version of this podcast, get the transcript in PDF format, or start a discussion about the episode. Please click the link in the show notes. If you can't see the link, simply open a web browser, type thepayments.show into the address bar, and click on the latest episode to see the link. Thanks, and enjoy the episode.

[00:00:28] Introduction

[00:00:28] **Satwant:** Hello, Yair welcome to The Payment Show.

[00:00:32] **Yair:** Hi. Hello. And thank you for hosting me.

[00:00:35] **Satwant:** Great to see you joining us all the way from Israel, I believe.

[00:00:39] **Yair:** Yes, I'm based in Israel in El Celia. Yes.

[00:00:42] **Satwant:** And that's where your company's headquartered as well,

[00:00:44] right?

[00:00:45] **Yair:** Yes. The headquarters is in El Celia. We're based over here since 2005. Quite a, quite a big company. I would love to share my, my company history and where we're going.

[00:00:57] **Satwant:** Yeah, definitely. I didn't realize that your company had been around for that amount of time. A lot of Israeli companies I've dealt with in the past working in IT have been startups and and all sorts In Tel Aviv, especially, so it's interesting to hear from a company that's been around for a bit longer. So it'd be great to see your journey and how that, how that went.

[00:01:18] **Yair:** Sure. Sure thing.

[00:01:19] Start

[00:01:19] **Satwant:** I'll start by giving you an introduction. So, you're the founder of Nyax. It's actually a publicly listed company. I'd not heard of you guys before. So you're listed on the Nasdaq. And... provides businesses with payment solutions, not just for point of sale, but unattended retail. So things like vending machines, eV chargers, car washes, and a lot more examples that we'll go into later. And to set the scene, I'd love to start off with some stats. I'll start off with a big one, which is that the vending machine industry alone is expected to reach about 146 billion dollars by 2027. So those numbers are from businesswire. com. I've seen on

CNBC that some of your customers make about 30 grand a month from, from cashless payment solutions, which is pretty impressive. laundries, for example, the owners can generate 49% more revenue with, With cashless sort card readers.

[00:02:19] And so, yeah, there's, there's a whole bunch of great stats there. You know, based on using your solution. So it'd be great to, for you to give an introduction to your company and, and, and a general overview as a, as a good start, I think.

[00:02:33] Nayax Company Overview

[00:02:33] **Yair:** Excellent. Actually, the start is is is correct to the best of our knowledge. Sometimes it's a, it's a moving you know, higher starts and lower starts, but the general numbers are correct. Coming back to knives, we started the business at 2005. We started a business of payment to the vending machines, to the, to unattended vending machines.

[00:02:56] And we came with a solution that come to be, I think, the, the best the best scaling business as we are today because we are providing a, a one-stop solution. We are providing the payment part, we are providing the telemetry part, we are providing the payment, facilitating, we are providing mobile app. So it, it's like a. Enterprise solution for the very small merchants in the unattended.

[00:03:22] When you state when we're stating unattended, we're talking about not just vending today. We're talking about the kiddie rides, the laundry mats, the EV chargers, the car wash. There are like 44 verticals and acts is acting in more than 70 countries doing the same thing in terms of one stop solution end to end.

[00:03:43] Generating a quite a big quite big customer base that more than 50, 000 customers, 50, 000 customers around the globe. And today, for example, the transaction run rate on a, on a monthly basis is more than 150. 5 million transaction a month, meaning that we're doing potentially this year 2 billion transaction.

[00:04:04] And all of this is under what you call a very low ticket transaction, less than a $2 or $2.30 a transaction that's the unique about what we're doing in the, in the way that we're operating, doing this on a, on a global scale.

[00:04:20] High Volume, Low Transaction Value

[00:04:20] **Satwant:** Yeah. And I wanted to, to expand on that, what you said about the low ticket items. The use cases are quite significant. So there were things like a payment systems on, you know, massage chairs that you see at the airports amusement rides air and vacuum, maybe at the gas station kiosks, photo booths.

[00:04:42] So there's a whole bunch. And to be fair, I always did one day. Where do these systems come from? Who, who looks after them? So it's actually great to get a company on

the show that is looking after that world. So yeah, a very high volume of transactions, but, but low value. One thing I wanted to ask about that is, you know, all retailers complain about the fees for using a card for.

[00:05:05] Well, first of all, just in general, the 2. 75%, nobody likes paying that. It would be interesting to know how, if you're implementing card payments on all these low value transactions, how do they generate profit? Because the fee is quite high relative to the transaction value. So what's different in your case with your solutions?

[00:05:28] Total Cost of Ownership: Transparency and Efficiency

[00:05:28] **Yair:** So I think, I think the, the way to look at this from customer point of view, and that's what they're doing, is the total cost of ownership of the service to together, all together. So because it's blended between the backend, backend, the services with all the ability of operational level that manage the, the machine remotely.

[00:05:46] Remember that the customer that start with cash, he, he has no transparency regarding what happened to the machine after he left the machine. Put the inventory in just the, the cadence of the next week. He will come to the machine and he'll see what happened. He knows exactly what's going on on the ec regarding the, the, the amount of cash that he has to collect regarding the inventory.

[00:06:04] Some cases he has some predicted prediction, but it's not really what you call a way to operate in this area. So when we coming and we're providing a solution, we're not just providing the payment. Of course, the payment is the center of gravity of what we're doing. But we are offering also the back end, the back end offering of managing the inventory, managing the route driver, managing the field of the machine.

[00:06:28] And also we're giving the mobile app regarding all the ability of the customers to put his consumers and to realize the consumers, what it is, the employees with the policy behind is on top of it, or maybe this is a restaurant card and maybe these open loop transaction, which he couldn't accept.

[00:06:45] Before this with cash today, when he having a, what do you call it? The next platform payment platform with operational with the IOT part is gaining much more value that he can suggest to his to his consumers and gain much more efficiency in the way that he's operating. Coming back to the, to the, to the question.

[00:07:03] TCO of Cash Payments: Not Crossing 7% Cost of Cash

[00:07:03] **Yair:** It's all about the total cost of ownership. If you calculate total cost of ownership of cash. Don't forget to collect the cash. It's cost money to deposit, to count cash. It's cost money to deposit cash. It costs money. There is a shrinkage in in the cash. There is the coin coin mechanism that has some jams. The cost of the, of the coin mechanism altogether. The industry is, is measuring this around five to 7% cost of, of what we call managing cash.

[00:07:30] The total system of, of nyx as a, as a whole, as a platform, is not crossing this 7%. So it's not big, it's not a brain, no brainer for, for them you know, to implement a solution that can gain more revenue for them and make them more efficient.

[00:07:47] And the cost behind this is lower than 7%. That's the whole, the whole trick about, about fitting, fitting the services into the unattended market. Of the, of the low value ticket. Of course, over there, there is discomfort rate of the clearing, which is part of it. But then there is the service, and then there is the, the, the depreciation of the hardware or the, the, the, the reader that we're selling.

[00:08:10] If you calculate all of this together, you, you get, you're getting that the, if it is less than 7% of the cost of the cash.

[00:08:18] **Satwant:** Yeah. Okay, well you put it like that, that 7% is significant for... Low margin, but high volume businesses. Yeah. Okay. Makes sense.

[00:08:28] **Yair:** but this is, this is power to the cash. So, you know, and, and the value behind is that usually cashless is generating uplifting the, the value, the volume of the, of the machine, 25% to 35%. And in terms of the cost, it's reducing the, your cost operation in 25 to 35%. So imagine the productivity per employee, the route driver if you have five routes of vending machine. You can operate with online system for, for employees to, to to serve the same level of of machines. So you're saving one employee and this saving has been been part of your net profit.

[00:09:04] **Satwant:** Yeah, And I didn't explicitly clarify this upfront. So obviously you're big in unattended retail, but do you offer cash? Payment systems as well, or you just totally don't.

[00:09:16] **Yair:** No, we are, we are we are only digitizing the, the cashless and the management and we're offering, we're offering a cashless solution.

[00:09:24] Switching Millions of Cash Systems to Cashless

[00:09:24] **Yair:** The cash is something that exists many, many years and there are other provider. Usually they're buying this from two, three other vendors that already is serving them in advance, but they, they don't have the cashless solution that the unique about the unattended business that the 40 million or 50 million machine are already in the market.

[00:09:44] So the challenge over here is how you retrofit the machine to accept cashless from our perspective without going out from the office building what you call all the ability of hand checking with the machine with us not being in front of the machine because the machine there are not, there is no standard protocol.

[00:10:02] There is a, there is a variety of the verticals, more than 700 different protocol. And the unique about what we're doing in Nayax is that we already gain what you call the reverse engineering understanding each and every machine and we can download parameters to the unit. That the operator, when he install the unit in the machine or the post in the machine, just stating the name of the machine will download parameters to enable the handshake between the unit and the machine with no friction.

[00:10:32] And that's the beauty about about what Nayax is doing. And that's why we're scaling so fast in the in the in the world of unattended.

[00:10:39] **Satwant:** Okay. clearly there's a lot of machines out there with, with cash. Like you said, with cash payment. Terminals on there. How are you going about switching that all over? You, you said that you want to try and do it without going to the machines as much as possible. Did I get that right?

[00:10:57] **Yair:** Yes, first of all, we, we are quite a brand known in the world, the Nayax. And then we have a lot of what we call digital funnel that I am reaching out to our website to multiple vertical, whether it is car wash, laundromat vending, whatever it is.

[00:11:15] And there is a lot of what we call help to the customer to realize, understand what we offering. Based on this you can do what do you call shopping online? So we're a bit you can shop online on on on our website and buy online that currently now it's running on the US and starting now in UK, but it will be all over and this this enable you to really to take and to buy like Amazon.

[00:11:38] Physical Installation Made Easy

[00:11:38] **Yair:** You can buy the unit, the cabling everything and you get the full explanation. So self service explanation. How to install it and to put it into, into the machine. And again, when you guy, you come into the really level of physical installation, the unit itself, when you are putting this into the machine, which is, has a potentially a cutout in the machine, or you have to drill a very small hauling into the machine to just to put the cable in you're choosing on the, on the backend that on the website you're choosing what called the the machine type.

[00:12:12] It is already doing the, what you call the automatic handshake between the, this machine line type and into, into the, into, into the post. And actually, you, you came to live. Of course before, before this you have to do a K Y C and a m l all. Again. All of this is part of the onboarding and set up that we are providing to the customer.

[00:12:33] It's, it's, it is all self-service and we're doing this more than 70 countries. So in each country there is a variance of the K Y C A M L. And of course, in terms of the machine, we have a full library that enable any machine to, to operate with Nayax.

[00:12:49] **Satwant:** Okay. So not being fully versed with the vending machine world. So for you to, to be able to, do this through self service mainly, would I be right in saying there's maybe only a handful, maybe two, three, four vending machine. Manufacturers and then you've, you've kind of got the interfaces and the software to, to communicate with all of them. I might have, I've...

[00:13:10] **Yair:** oh, no, there, there, there are, there are, you know, machines vending vending machine producer there are machines that are age of five years, 10 years, 15 years, 20 years. There are really dozens of, of machine manufacturing, and if you add on top of it. The vertical, you're taking the kiddie ride or the car wash, there are dozens, dozens of, of, of machine manufacturer.

[00:13:36] And within the machine manufacturer, there are different versions. So that's why we're saying that we are, we are holding around 700 different protocol automatically be dispensed into the by parameter into the unit in order to do the handshake. And that's a, that's a very strong, powerful way that we can create all of this seamless, in seamless onboarding and setup of customers into, into the, into the system

[00:14:02] Analytics , Reporting & Alerts... For The First Time Ever!

[00:14:02] **Satwant:** And what I'd be writing, assuming also if somebody is moving from cash to your solution, then they may only be getting analytics for the first time ever.

[00:14:13] **Yair:** potentially. Yes. Potentially. This is the first time that they're getting a full remote option to look at what's happening in the machine in terms of inventory counting. We also counting listening to the cash. So he can get from, from remote, he can see the cash and the cashless all together.

[00:14:30] So you can see all the revenue. And what are the products that were were dispensed? So he knows exactly when to come to the machine. He can set up what we call a policy around any machine that you want to visit. Either it is that the machine is 70% empty, or potentially one of the spirals of the high Hi, product seller that is empty that he wants to come to the machine or potentially there is a jam or potentially someone took out the plug, the machine, and there is no electricity.

[00:14:56] So there is a lot of what we call alert that now we can see. You can see this on it on the, on the PC level, but he can also have from Max. A mobile app, which is an extension of the pc. And you know, he walk, wake away, wake up in, in the morning, he can open the, the mobile app. He can see exactly what happened and which machine to serve.

[00:15:17] So it's very, and then he can of, of, of course, put all of this, the knowledge and, and mobile app into his employees. He doesn't have to buy a handheld, whatever it is, and he can serve and also report. All the action that he took or his employee took in front of the machine, whether it is servicing, collecting cash putting inventory, everything within the mobile app and everything is online.

[00:15:44] Network Connectivity for Machines (with Waterfall Capability)

[00:15:44] **Satwant:** and coming back to, that large install base that doesn't have any analytics or whatever, are there any challenges in terms of connectivity? Because I'm guessing these machines have a SIM card in there or, or could they link through wifi or local area networks as well?

[00:16:02] **Yair:** We're supplying the unit. I'll show you. We're supplying we have two versions. This is the, this is the most selling version in the U. S.

[00:16:15] **Satwant:** Okay.

[00:16:16] **Yair:** And this is the most selling version in in Europe. This is only contactless. You can see on the back end, it's coming with a, so it's a, it's a screen with ability to connectivity and the payment and then the, the IOT part.

[00:16:30] So it's a all in one. That's the beauty about, about the unit. So we are, we are providing this with a connectivity, with a sim card, with cabling, and we can connect whether it is needed to a LAN or to a ethernet or to, to a wifi. But usually 99% of the cases it's all server and the LAN and the, and the wifi is just a backup.

[00:16:53] We, we rely on this and we have a a lot of mitigation regarding regarding the network because we have a potentially automatically, Switching networks according to the acceptance of of the of the cellular provider in the in the area and we control this. It's part of the platform that we control the SIM card, and we can route route the data to different different providers.

[00:17:18] **Satwant:** And you can have a waterfall system as well. So if one network fails, it switches to

[00:17:22] **Yair:** Absolutely. It's called IMSI. You can switch and you can switch between them between the network. It's part part of the. Of the new solution that coming out to the market because it was not in 2005. So we have old legacy that cannot carry this, but for sure the new one carry what you call multiple lenses and then you can switch between networks.

[00:17:42] What you call, it's a bunch of networks, not just one network. It's you can switch between two aggregated network against two aggregated network because it's like a

redundance on top of a redundance. There we are looking at our business as a mission critical. So we try to make sure that in any case we will have what we call a way to at least to have the transaction.

[00:18:05] And we're also developing all the what we call the deferred. What you call offline. So even without a network, we potentially allow, according to the customer policy, to have what you call a offline transaction up to a minimum that the unit itself can contain the amount of transaction under the E M V and then after the network will come back, it, it'll be offloaded from, from from the unit.

[00:18:29] So if you are in a. And there is no network. For some reason, the unit will keep on working online and keep serving what you call transaction. Although you don't have any transparency regarding the sales, the unit will keep serving the consumers.

[00:18:48] Leading Verticals for Vending Machines

[00:18:48] **Satwant:** Great. What, what are your, I mean, in order of hierarchy, if you can share it, what are the top vending machine categories or is it quite evenly balanced amongst all the different verticals that you mentioned?

[00:19:02] **Yair:** So, we started in vending, so it's vending, the soda and the snack machine. These are the, the, the leading that you leading vertical that you, you can see. But we are running now and a lot of what we call use cases, which is a car, a car wash, a Ford, Ford, forecourt location, like a fuel station coming out to the pay on the pump.

[00:19:20] There is a lot of a lot of what we call vertical that come to life.

[00:19:23] Promising New Vertical: EV Chargers

[00:19:23] **Yair:** I think the most promising new big vertical that will take a a, a strong place in, in our activity is the ev the electrical vehicle that are now coming. And, and since all the regulation is going to bend all the, all the, the gasoline gathering cars and all the the regular cars that will have to switch to electric car, we see this as a big big opportunity, whether it is the DC charger or the AC charger.

[00:19:50] Actually, we have a division specifically for this EV meter that are addressing only this, this segment because it's potentially a big, big segment that we believe that we have a, the, the ability to serve it management wise, payment wise and loyalty wise.

[00:20:07] **Satwant:** in the US especially, not so much here in the UK, but they've had card payment on the pumps for, for quite a long time. I'm assuming you were involved. With that infrastructure in the past or not?

[00:20:21] **Yair:** No, in the past, not. I think today the market is changing. Not all of it is pay on the pump. There are still the one that are not pay on the pump. We see a lot of opportunities coming in because customers want to have in the parking lot, the EV, and then they have a coffee machine inside their, their groceries.

[00:20:38] And then they have the attendant, which we have also a solution. And they came to us. They want to also the pay on the pump for a lot of reason. The pay on the pump is being replaced once in seven years, once in five years. And this replacement is according to regulation, according to the seller provider, according to a lot of things.

[00:20:58] And we see this, the potential opportunity that coming toward to us because they're requesting us to give us, to give them the same unattended experience as we're giving. And since we see this as part of our core business unattended and we have knowledge and we bought some companies around the fuel area, we have now a better, better grip on the industry and we can serve them with much higher level of solution that carry Android post solution with the payment, with engagement, with loyalty, with fleet card, a lot of protocol, Specifically journeys, consumers, behavior of buying and purchasing a payment and purchasing in the, in the, in the,

[00:21:43] Current and Future Markets Served

[00:21:43] **Satwant:** Yeah. Great. which countries do you do mainly operate in?

[00:21:48] **Yair:** Today we're serving today we're serving 70 countries. So from New Zealand, Australia Japan, China, all, all over Europe, North America, Latin America South Africa UAE. All together 70 countries and every year we're extending at least one or two countries So it depends on the ROI of the investment.

[00:22:09] There is a lot of work there is an investment to get into the country or in terms of the acquire, acquiring where account present. So we have to get an access to the, to the network at the local, local currency. Today we're connecting to more than 45 acquirers around the globe. That's how we cover the globe as a car present solution.

[00:22:30] It's not the income solution. It's much more complex to get into what we call like to like our present solution and we're in each country It's not enough. You have to cover also the local card scheme Sometimes it's restaurant car sometimes other other local debit cards and if you don't come together all of this the open loop and the what we call card scheme the local card scheme with a full solution, it will not work.

[00:22:53] And this investment can take time and money. Usually, it's a, it's a few hundred thousand dollars, and we need to have a justification of a use case to get into a new country.

[00:23:04] **Satwant:** Yeah I've seen multiple stats over the the past few years that it wherever a new payment company launches if if they don't Or retailer, should I say, if they don't have local payment methods, the conversion just slumps. So yeah,

[00:23:20] **Yair:** And sometimes, sometimes this local, local card scheme is just 1 or 2% or 3% of the volume. But this is holding you back because... It's like a marketing position. You don't have it. So we don't want to do business with you So we have to come to cover like 99. 99% of the of the of the card That are available in the country in order really to to make sure that we can scale with the business We're quite big. I

[00:23:47] **Satwant:** the team that in your company that has to deal with going into a new country could have a lot of patience and perseverance.

[00:23:54] **Yair:** know we're midsize. We are around the 760 employees. 500 of them are based over here and the rest of them are in nine subsidiary companies around the globe. And then we have, of course, partners and distributors around the globe to cover the 70 countries, but over here with the expertise of payment integration and delivery and certification is quite extensive.

[00:24:21] **Satwant:** Yeah. You mentioned you were in Japan as well as many countries around the world. I think it's. Pretty common knowledge that Japan is the number one vending machine place in the world. Is that, is that still true or is it true?

[00:24:35] **Yair:** It's Pell Capita, it's the condensed one in the world, and they carry, I think, 2. 7 vending machines, a million vending machines, and then there is another 2 million other unattended machines, but it's also the most conservative and cultural barrier to get into a country, so it's quite difficult. We are running the business more than the four or five years in Japan, we gain just a few I think 20, 30, 000 units, which is not, not good enough from our perspective, but it's very promising, very, very promising market, very difficult market.

[00:25:14] There is a lot of local card schemes and on top of it, there is a higher requirement of service, which is different from the Western world. It's really, really high requirement of services. And we're dealing with this way for us. It's a, it's a promising promising market and we are stubborn.

[00:25:31] We'll stay there until we succeed to, to make it to the, to the next level of scaling.

[00:25:37] **Satwant:** Yeah. You reminded me, I read it a long time ago, Richard Branson's book, his autobiography. And he was saying how in one of the chapters that, virgin music, one of their biggest markets was Japan. And he was talking about how many Western companies that he'd spoken to said, Oh yeah, we we've never succeeded in Japan.

[00:25:53] We kind of just came back home with tail between our legs. And he said, I've never found it a problem because I've always partnered with local companies there as opposed to going in as virgin by themselves. And he said the partnering thing works quite well there. So that reminded me of something I read a long time ago.

[00:26:10] **Yair:** we have a team in Japan. It's all Japan, the old Japanese, although it's a nice case, it's on the subsidiary, but it's what we're working with partners. Of course, you cannot

really succeed with not without being involving with the local community, with the local business partners. There is no way that you will succeed as a Western company just directly selling to Japanese.

[00:26:31] No way.

[00:26:32] **Satwant:** So that leads me to ask just out of interest, what's the next one or two or three countries in terms of the number of vending machines, it'd be good to get a landscape of what's, what's out there.

[00:26:44] **Yair:** we extended ourselves. We're not just unattended vending or just unattended. We extended ourselves also to the EV, which is unattended, but in a different form. And also we have a retail division. So now we are much more open to other countries to come in because the ROI on all this offer It's much better from our perspective, and we're looking at the Latin America market.

[00:27:08] We're looking more into the Middle East because we're not covering totally the Middle East countries beside the UAE. And of course, the Far East is again, part of the big population around the globe. The globe is in the Far East. There is a different challenges over there because the way that they're using the payment is mostly on the phone, mostly on combination of local cards and QR code.

[00:27:31] But we still see there a lot of opportunities. So we're trying to reach out to the 200 countries in five, seven years from now based on, on the offering that we're having and not, not for sure that we see everything, but we, we for sure being irrelevant for customers that are addressing a lot of pains coming to us.

[00:27:53] And then we say, Hey, why not? We can do it. We can serve you. If you commit to us, we will commit to deliver you a solution. So we have an initiative, but also we are quite a, quite a good listener to. Any opportunity coming towards us, if it makes sense. In terms of the return,

[00:28:10] Nova Market: Grocery Self-Checkout

[00:28:10] **Satwant:** Yeah. One solution that looked really interesting on your website was the Nova Market self checkout solution. It seems that's dedicated to grocery stores, is that right?

[00:28:21] **Yair:** it is a combination because it's starting from a vengo operator in the US that switched the vending machine in the offices to a self-service like a small grocery. It's extended the s k u, the numbers of items that they can sell and extend the categories because they can sell like a, a self-service seven 11, let's call it. And they can serve fresh food and they can say sandwiches and the return on investment on a pair of square foot is much much higher. They can do three, three times more revenue because now the employees are not going down to the grocery or not going out from the office and they can buy all the food or all the snacks at the office while the vending machine is always limited with snacks or with limited SKUs.

[00:29:08] And now they can have much broader solution for this you have to develop what we call a post solution, which is a fully retail solution because in vending machine, the post itself is the vending. Now that you have what we call a post, which is like the normal market with a screen, you have to you have to display all the products.

[00:29:26] And you have to display the products with a lot of what we call potentially marketing campaign or any kind of what we call purchase behavior that can be a combination of two items, three items with pricing. And so we have to develop all of this platform in a, in a, in a, in a, in other words, an extension of the payment that we are providing.

[00:29:46] That's what we did. And that's create an opportunity to go further more to what you, what you suggested to what you call the, the corner at the hotel that has a self service that now you can see this or any grocery with a self service, but under what we call friendly environment. You cannot do this down the street.

[00:30:06] Because the shrinkage will be will be big. But under environment of employment or some kind of, some kind of a semi semi employee that look at, around this, that make this environment to, to become secure, this is a big opportunity in the market. And this is becoming because the scales of employees, you don't have too much, too many employees today to serve behind the counter as a, as a full attendant.

[00:30:33] So you can now, you can now have a solution, which is a self unattended, with the same aspect of SKUs. And the employee can be potentially out of the, the, the person on, on the hotel is the one that's in charge. Also, this kind of a small corner of of of grocery, let's call it like this.

[00:30:52] Net New Business Opportunities Not Possible with Cash

[00:30:52] **Satwant:** Yeah, yeah, I understand. Actually, it's got me thinking. So far I've been thinking in terms of, unattended solutions are replacing staff, but really it's just sort of occurred to me that you're actually implementing totally new markets as well. So, okay, a vending machine might replace some stuff in a, in a grocery sort of context, but, electric car charging has not existed.

[00:31:16] You're going to need staff to maintain those systems and just sort of thinking out loud, you know, what kind of other scenarios have you got where you're implementing net new solutions, which you just couldn't do before with, with cash based payments.

[00:31:30] **Yair:** So I think you mentioned this, the EV will be only on cashless solution and digital payment and management. They cannot do it otherwise.

[00:31:41] Potentially

[00:31:41] **Satwant:** are there any others, you know?

[00:31:44] **Yair:** the self serve unattended is coming to morphing the business processes. In many, look, many places I've been recently I think it was in the uk and I stepped into one of the groceries and I saw 24 bays of self service.

[00:32:02] And then I stepped further to the, to the store. There was another five big bays of a self service. So imagine what, what was it like process like five years ago and how, how it is right now. It's changing all the aspects of you know, footprint on, on, on the checkout, how it looks like and how the consumers are behaving and how many employees are behind this.

[00:32:26] So the grocer potentially put more employees and other, other aspects of the, of the store to better service, or he has no, no other, no other choice, but to save money because the pressure on the, on the pricing is so high. So he has to put what you call less of employees. So it's, it's morphing the retail to become more close to the unattended version, to the self service version, where we are quite, quite a very strong player.

[00:32:53] So this is, I think, the, the most unique and it's global. It's coming to all the Western countries. You can see this airport. You can see now most of the airports, the whole airport is one restaurant. You order from the table, and they come to, to you, to you remotely. You're not, look at McDonald's. All McDonald's became to be like a self service. There is no, no attendant. It's only taking, taking food out from the counter. That's it.

[00:33:20] **Satwant:** Yeah,

[00:33:20] **Yair:** is the change. The big change that created different, different, more different business processes in the retail. I

[00:33:27] **Satwant:** Yeah, absolutely.

[00:33:29] Loyalty and Engagement: Digital Receipts as a Landing Page

[00:33:29] **Satwant:** a big area. The, we've only lightly touched on so far is around loyalty and, and engagement with the customer. I did see that you offer digital receipts as a basic part of your solution. I say basic, but. I don't know about where you are, but most places in the UK, you can't even get a digital receipt, let alone anything else. it'd be great for you to expand on how that's changing businesses and increasing their revenues and profits.

[00:33:56] **Yair:** think this is the most important point that we're looking into the future. If you, if we can imagine what is the pain and what customers needs into the future it is managing their customer base. If we take the the, the way that the customers are reaching out to new consumers uh, when it is digital, they're paying a lot of money to reach for a new new consumers coming into into the store.

[00:34:23] And today with a new cookie policy and everything, they're really losing a track on the, on the customers. They don't know the consumers and they're not utilizing to the full efficiency of the relationship with existing customer consumers that coming into the store. With a very simple method, which is a platform that we build, which is the digital receipt.

[00:34:44] And we believe the ability of a digital receipt, which actually it's a landing page. When you receive the digital receipt, you receive the receipt out of the printer as it was a printer, printed. But actually it's a landing page with ability to you, to the customer to communicate with the consumer. If the consumer is just a non, anonymous, it's also okay because you create what you call an audience.

[00:35:09] And this audience can be also targeted in the Facebook or Google, whatever it is. But at least you have what you call some kind of a form of who are your consumer. And then the efficiency is quite high. And that's part of the platform that we are offering as a marketing, as a marketing option for the cons for the customer.

[00:35:28] And then if he also accept what he call the ability of G D P R acceptance of, of data, we can know better what the consumer by doing this, he actually joined, joined the club. That's it. He is a club member. By being a club member, you have his email, you have potentially his phone. And you can really address this digitize and really show him, I know new product open new store, create a kind of, kind of a campaign again to him suggest any kind of offer you didn't visit.

[00:35:57] So he's becoming a, a, a member of the club. And today to create a member of the club is so hard because you have to fill in the form and nobody's filling the form. But the digital receipt with one click, you're, you're a part of the club. That's the beauty about this. You can create even a very simple campaign with SMS.

[00:36:15] You know just sms campaign you can do an sms campaign and you know, put this to all your consumer It's quite easy and you get foot in the in the door. We have a some Stronger fmcg like McDonald and others that are using the system They're creating what you call consumers into the low, very, very impacted, very, very low cost. And I think this is that we're trying to put what we always say, enterprise solution to the, to the, to the merchant in order to succeed, to maintain their consumer.

[00:36:48] They have to maintain the consumer and this is the best efficient way because each and every consumer can be repeat consumer.

[00:36:54] That's what you have to deal with,

[00:36:56] **Satwant:** yeah, agreed.

[00:36:57] **Yair:** in my opinion,

[00:36:59] **Satwant:** Yeah, yeah, absolutely. Otherwise you're just in a race to the bottom of cutting

[00:37:03] **Yair:** all the time,

[00:37:04] **Satwant:** and in an Amazon world, Walmart world, you're going to, you're going to lose that battle if you're just competing on price.

[00:37:12] you, you offer quite a, a considerable platform with a lot of depth . It's omni channel, you've got e commerce, you've got unattended, you've got pause and now you've mentioned your marketing and loyalty side of things as well. It'd be interesting to know how you charge businesses, what your business model is, how, how, does that work?

[00:37:30] Nayax Business Model: 3 Pillars

[00:37:30] **Yair:** we're trying to do this business model quite simple. At the end of the day, there are three pillars that we're looking at.

[00:37:36] One pillar is, is, is the hardware side. Okay. And even for this, we have another company called Nayax Capital. That can offer you an option to sort of a rental, leasing or matching cash in advance. This is part of the business, you know, to reduce what you call the burden of cash flow from the operator. We, we, we are offering this, this kind of product solution. So this is one part of it's the other.

[00:38:01] The second part is actually a service service per point of sale service per vending machine. So it's, it's a quite a a fixed service according to the size of the, of the, of the customer and the size of the segment. Again, against the six, 7% of the total cost of ownership, it's part of it.

[00:38:20] And then we're having the clearing part, which is we are part, we are a financial institution and we act as a payfac. Based on this, we are acting on behalf of the customer to receive and dispense the money to the, to the customers. And basically we have some what do you call cost behind this and the margin behind it. So it's like a discount rate or potentially interchange plus, plus it's depend, depend on the industry and the category that we're operating. But basically it's a clearing part, which is the processing part is the service and it's the hardware. That's quite a simple business model. I

[00:38:57] Nayax is a Complete End to End, One Stop Solution

[00:38:57] **Satwant:** That's great. is there anything important that you wanted to get across to, to, people listening that I might've totally missed?

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[00:39:03] **Yair:** think the message that I'm trying to and if customers or consumers would like to address this directly with me to have a feedback. I think I think what we're trying to do as a message is we strongly believe that the end to end the one stop solution and ease of doing business. This is what we're trying to bring to the customers.

[00:39:30] To bring to the, to the market and we don't see too many of any that are addressing this way strategy from the hardware, from the loyalty, from the services all together. I think this is the, the, the key point that Nayax is that is, is unique in. And if anyone wants to challenge us whether we can do any other segments of some of this, I'm open to any kind of offering from consumers or customers. Show me how you can do this as a one stop solution. This, this part of, of our, of our mission

[00:40:00] **Satwant:** Right. yeah, don't have a separate POS company that you're dealing with and a separate e comm and a separate everything. Just, just have one platform that's consistent.

[00:40:10] Nayax Technology Partners

[00:40:10] **Yair:** platform that is consistent with a, with a, it's like a technology partner. We would like to see ourselves as a technology partner for the customer with a, with a full responsibility. On all the aspects of the processes of the buying behavior and the purchase behavior.

[00:40:29] **Satwant:** that's an important question that I didn't ask. So I think it's because you said customers come on your website and buy directly mainly because a lot of payment companies have had on the show deal through partners and other ISVs and technology companies build their payments into their solutions as opposed to dealing directly. So, so you mainly deal direct.

[00:40:50] **Yair:** We, we, we we have partners, of course and not all the, all the, basically the, the online is not really that big now, but we have what's called the, the website where the inside says we have the referral. We have social. We have a foot on the ground of of of salespeople where trade show where all the funnels are, are part of our, of our business.

[00:41:13] And that's how we are. We are scaling. And then in terms of partnership, partnership, we, in some cases, you know, some customers want to have these posts. That's okay. I don't care. Some part of want to have his uh, his terminal and we have to just to do the processing and part of the other service. That's also okay.

[00:41:30] Low Customer Churn Rate

[00:41:30] **Yair:** We think that whatever we do, we try to see that you know, the, the, the business is not just to sell. The business is how you serve. It's all about the after, after selling,

there is a service. We, we like to see ourself. The, one of the key measurement is, is the, is the churn in our business the churn is quite low and it's public, public knowledge.

[00:41:50] It's, it's less than 3%. It's very, very low low churn rate. And this, this, on, on a massive of what you call. Small merchants, it's quite unique and that's because we are taking ownership on the full service. When it is a combination of other partners, it's okay. We can share. We have revenue share with others.

[00:42:10] But the idea that the customer has to have what they call a one stop what we call phone call or, or addressing any issue that he has, because as we all know payment is a moving target. I'm calling his payment is always changing. Payment is, is, is a relate to the processes of consumer journeys, consumers journeys are changing.

[00:42:29] So payments is changing. It's all combined together, and we're trying to be a technology partner that's serving any use case that customer has or or want to want to address. We can serve this.

[00:42:44] Get in Touch with Nayax

[00:42:44] **Satwant:** okay, great. If people want to get in touch with you guys and see what you offer, your website is nayax.Com, that's N A Y A X dot com, and on Twitter you're at nyaxglobal. Are there any other comments you want to make on engaging

[00:42:59] **Yair:** the best thing to touch with us is through the website and over there, there is a lot of what you call knowledge about what we're doing. And of course there is a contact us and Anyone can reach out to us.

[00:43:10] The Future

[00:43:10] **Yair:** I think the next 6 to 12 months, I can, I can say the following. Okay. Even more than this, we stated to the investors, since we are a public company, we say we give you some guidance.

[00:43:20] And based on this we also had invested days, a few invested days, and the last one, we also stated that we inspired to become a $1 billion company revenue. By the year 2027 / 2028. And we're going to be potentially a very profitable company in the in that year. In terms of operational wise, we are growing quite significantly in all, you know, all categories like the unattended, the retail, the easy we have a, we have a, we have a company also for the full court for the, family entertainment centers.

[00:43:55] So all of this is is coming as a stated, you know, if any customer want to challenge us regarding any option that we are not serving yet, or he wants to join the next platform, I'm inviting any any of the listeners to come on board.

[00:44:12] **Satwant:** Great stuff. Excellent, well I think that's a good point to end it. Really appreciate your time, that was quite... Educational and really interesting to learn about this market, which I hadn't really personally considered before at all. And it's good to know who's behind all those, all those vending machines that you see out there in the world everywhere. So thank you

[00:44:31] **Yair:** Excellent. Thank you very much. Thank you all. Thanks.

[00:44:33] **Satwant:** all the best in future.