

PayTonic Online Payments

Executive Summary

Project Phase: **Initiation**

Customer: **Banking Sector**

Document ID: **45637ES**

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Document Purpose

This document outlines the scope, objectives and participants involved in the project. It will provide a preliminary statement regarding the project goals and key stakeholders. It serves as a reference of authority for the future of the project.

Version History

Version	Author	Date Issued	Change Description
0.1	Pappa Smurf	19-JUN-2012	First Draft
0.2	Pappa Smurf	22-JUL-2012	Updated Business Model
1.0	Pappa Smurf	30-JUL-2012	Minor changes – ready for distribution

Project Team Members

Name	Title	Role
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1. Overview

PayTonic is a web based payment service that allows buyers and sellers to transfer funds instantly while protecting against fraud and identity theft. Unlike most credit cards, PayTonic allows any merchant to accept funds, and allows customers to pay for goods without disclosing sensitive banking or personal information.

2. Problem Statement

Smaller web based merchants are currently unable to sell goods online due to their inability to process credit card payments. The expense of acquiring a merchant account from the bank is prohibitively expensive for smaller merchants. In addition, customers are currently reluctant to provide their credit card number to merchants on the web. The expense to the merchant and the risk of identity fraud are currently prohibitive for merchants looking to capitalize on web technology to reach and sell to prospective customers.

3. Solution

PayTonic provides an easily integrated web- based payment service that can be used by a merchant to accept payments online. Users create a PayTonic account that linked to their existing bank account, and use it to pay for goods. No credit card or banking information is revealed for the transaction. PayTonic transfers money between customers and merchants, while protecting both parties from fraudulent activities. Merchants will attract new paying customers and customers will gain confidence in their ability to make risk-free online purchases.

4. Opportunity

Online retail sales in 2010 reached \$X dollars, a growth of X% over the previous year. By 2015, Doctonic Research estimates that online commerce will comprise \$X dollars annually, or X% of all retail sales. Currently, it is estimated that only X% of the X small merchants making less than \$X annually are currently exploiting the web to reach customers online. In a recent poll, X% of these merchants indicated that the difficulty and expense in securing a merchant account is the major barrier to online sales. A web based payment processing system would remove this barrier, and allow an estimated \$X in additional annual online revenue.

5. Competitive Advantages

The main two reasons for PayTonic's advantage over competitors are:

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1. Ease of Integration: Any merchant can use PayTonic's facilities to quickly add payments to an existing web site. This allows immediate access to markets not served by traditional merchant accounts.
2. Fraud Detection: PayTonic's anti-fraud system allows it to detect and prevent unauthorized payments. This, in comparison to traditional credit cards, reduces the cost and risk of making purchases online.

6. Business Model

PayTonic derives revenue from each payment transaction it processes. Customers do not pay to transfer funds to a merchant, but merchants pay between X% and X%, (depending on the dollar value of the transaction) to receive funds from a customer. Each transaction is subject to a minimum transaction fee of \$X. This is a comparable transaction cost to that of a merchant account, without the up-front costs of establishing the merchant account. Based on these charges and an estimated volume of Z million transactions per year, PayTonic expects to realise between \$X and \$Y per financial year.

7. Financials

Figure 1 represents the key financial information pertaining to the PayTonic business model.

8. Funding

PayTonic is initially seeking \$X in funding. These funds will be used to finance the development and acquisition of payment processing infrastructure and create marketing and training collateral to drive merchant and customer. At the conclusion of these activities, the company predicts that it will be in a position to begin processing transactions by the third quarter in 2012.

End of document
