

Traction for Tyro

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Moneyswitch Ltd, trading as Tyro payments, may finally be achieving some real traction in the eftpos/credit card acquiring market.

After years of burning cash, Tyro is rounding up capital once again.

While accumulated losses stood at \$19 million at launch time in April 2007, those had stretched to \$26 million by September 2009.

Tyro can at least point to growth in sales (including a few key customer wins) and lower losses.

In the year to June 2009 Tyro reported revenue was \$ 6.3 million, up from \$1.5 million in 2008. The operating loss was \$5.1 million, slightly down from \$5.8 million in 2008.

Optimism and conviction, as well as the extra capital, are somehow sustaining the vision for an eight-year-old business that so far is earning peanuts in the huge and steadily growing payments market.

So the potential remains large, as does the opportunity created by the stale delivery of services by the payments oligopoly; in this case, the four majors and First Data.

Sales gains made by Tyro over the last year or two may justify the further funding. Clients can be attracted to look to new suppliers, and there are now plenty of case studies of adopters of the Tyro payments solution to make additional sales more likely than before.

IP solution works for some

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One irony of a business whose claim to uniqueness in the payments space rests on its modern, and internet-based solution, is that Tyro continues to take a cautious approach to any merchants for whom the internet is a primary sales channel, and does not deal them.

To date, all Tyro's business is the processing of "card present" transactions. It will not yet deal with any "card not present" payments, such as those required to make a payment with a merchant trading on the internet.

Since launching its Eftpos solution into the market in April 2007 Tyro has signed up 17 point of sale software vendors as distributors. The firm says it is in discussions with another twelve.

Under the Tyro business model for integrated Eftpos, the POS software vendor is the sales channel and revenue is shared.

For retailers with simple Eftpos needs, Tyro supplies a retail product that has attracted about 1000 retailers to date. There are also 53 terminals installed in Toyota dealerships.

Other milestones for 2009, and listed in the firm's annual report, include a gift card program for Collins Books; a foreign currency payments solution developed alongside Pure Commerce and used by The Nuance Group, the largest operator of Duty Free stores in Australian airports; and the deployment of more than 1000 terminals among taxi and limousine operators in Melbourne, Sydney and Brisbane.

Tyro's Medicare Easyclaim product, integrated with HCN's PracSoft practice management platform, has about 800 practices using the system after offering free installation and training to the first one thousand customers, thanks to the federal government's Easyclaim roll-out grants. Medicare pays 23 cents per transaction to Easyclaim providers.

Another key win was Coca Cola, in which Tyro beat out bids from all the major banks.

Big bank talent is now also helping to drive Tyro. Paul Rickard, who was the executive general manager and chief information officer, payments and business technology at Commonwealth Bank until July, joined Tyro (or its owner, MoneySwitch) as an independent non-executive Director in August.

Chief Executive Officer (and significant investor) Jost Stolmann said the company would break from its self-imposed shackles and planned to expand into the card not present segment, accepting payment transactions from websites and call centres.