

BRW.

# fast 1000

AUSTRALIA'S  
FASTEST  
GROWING  
BUSINESSES

Sponsored by:

**BDO**

# Tyro Payments

**Started:** Jost Stollmann, pictured, was close to becoming Germany's minister for economic affairs in Gerhard Schroder's government but instead he quit politics and embarked on a two-year yacht voyage during which he and his wife and five children sailed into Sydney and stayed.

Not long after getting to Australia in 2004, Stollmann met the founders of MoneySwitch (now known as Tyro Payments), a company started by three engineers who decided they would go into direct competition with the big banks and process eftpos transactions. In 2005, Stollmann was appointed chief executive and the company met the technical hurdles required for regulatory approval for this service.

**Edge:** Tyro works with about 5000 merchants and processes more than \$2 billion in eftpos transactions annually. It is the only independent eftpos provider competing with the major banks and while it has only a 0.6 per cent share of a \$400 billion industry, the fact that Tyro still exists post-GFC is a testament to Stollmann's determination to keep "competing against the establishment" by "nibbling a little bit off" the big four's share.

"There's two questions we ask ourselves," Stollmann says. "Is it possible to compete against the big banks? And is it possible to give SMEs a

voice? We don't know yet. It's a work in progress."

Tyro provides the technology to process transactions itself (he says the big banks outsource it). "This provides higher value to the retailer, whereby they get a service that's faster, more secure and reliable." He says a case in point is Medicare, which uses Tyro to process a large chunk of its transactions. Now Medicare can give rebates to customers who are out of pocket on the spot by using Tyro's services.

**Result:** Revenue has risen from \$14.3 million in fiscal year 2010 to \$19.9 million for fiscal year 2011 and the average growth over three years is 161 per cent. "It's a great success to still be alive given the adversity that a new entrant faces in the payment space," Stollmann says.

"Because it's so difficult we haven't seen many people engaging in the same challenge. It's regrettable because Australia needs more entrepreneurs and innovators."

**Darkest day:** Stollmann says there are still high barriers to entry. "It's the combination of discriminatory structures in the payment space and anti-competitive behaviour by [the big four]," he says. "That dampens switching behaviour and makes it very difficult to obtain market share and grow."

**Smartest move:** Initially it was to trust the three founding engineers and give them the money to

develop the business, Stollmann says. But more broadly, the smartest move has been creating a reliable system. "We have designed a system that we market as never failing and being safe," he says. "We concentrated on getting the basics right and now we can build on that."  
Nassim Khadem

# 7

