Prototype of Strategic Information System Used for Marketing Funnel: Study Case at Fusion Payments – a Fin Tech Startup
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Abstract

Nowadays E-Commerce business is appealing for majority investor. Almost every month, we hear new startup is creating a new innovative product ready to be released into the market. There are many types of startup with vary types of business, such as marketplace, ecommerce, etc. With limited resources and budget, it is very essential for a startup to begin the journey with the right information and IT Strategic Planning. The aim is to have clear goals and framework before developing the business into real product.

Keywords: Strategic Information System (SIS), IS Strategy, Strategic Planning, IT-based competitive advantage, startup, e-commerce

1. Introduction

Fusion Payments is a startup company who based in Sydney Australia. At first its focus to delivery secure messaging infrastructure to support credit card based transactions in Indonesia, but later shifted its focus to provide financial service that targeted the end user. The goal of the company is becoming major player in personal financial service to the mass market in Indonesia.

Fusion Payments targets Indonesia as the market that they can penetrate with the following considerations:
- Readiness of banking infrastructure in Indonesia is considered as the most advance technology compare to other countries in South East Asia
- Penetration of credit card and debit card in Indonesia is high
- Increasing number of middle class income in Indonesia will be quadruple in the next 5 years
- Strong foundation in Indonesia through banking partners and telecommunication providers

In Indonesia there are a lot of major player had tried to gain access to Indonesia market, not to mentioned 3 (three) largest telecommunication providers have been taking part to provide financial services to end user in Indonesia. Telkomsel, Indosat and XL had launched their financial services back in 2012 - 2014 through their wallet system [1]. However, after major investment made for several years, none of the product really strikes the market and widely acceptable as alternative payment option to the majority of customers.

Fusion Payments as one of player in financial technology sector, tries to provide different models than what had been trying to be introduced by the major players. Instead of providing wallet service to the end user with restriction to its issuers and providing cash in solution, Fusion Payments aggregates any payment sources for the end customer through a single account that can be interoperable with any source of funds or wallet system providers.

But before going big, the case study provided by Fusion Payments is penetrating the market through simple transaction such as recharge or purchase data package directly to the telecommunication which believed will drive the traction and conversion to the online payment system. The key success of this solution is to provide easiness on user experience and stability of the system to eliminate trust issue and raise convenience and satisfactory. The founder believes that user habits will shift once the satisfaction rate in online payment service is higher than the offline payment models.

2. Recharge Service through Telco Networks

Recharge Service is one of huge volume based transaction penetrate market partner with telecommunication provider. Came as a wallet with telecommunication operator, Fusion payment
acquired their customer by providing recharge service from traditional into modern channel. The traditional service channel is a physical voucher that will distribute to retailer and then end customer. We change it to cut the cost of distribution, providing direct recharge from operator into end user using debit or credit card as a payment.

3. Customer Funnels

There are series of introduction made to the end user before converting users from a new visitor into an active customer. Multiple channels are being used by marketing team to ensure customer visits the website and start making a purchase in the system. The following is the marketing funnels made as reference to decide the segmentation of users within the system. The funnel is designed to address any marketing strategies that required to be taken in order to convert a visitor to become an active customer in the system.

3.1 New Visitors

New visitors are the one that reluctant to make a payment or signing up to the service and given up their credential information, i.e. credit card details or saving account details. Most of the customer feels unsecured to giving up their account details to a websites, given there are numbers of ecommerce security system has been breached and exposed threats to user credential information. Education and thorough communication are one of the drives that make the customer feels attracted to visit the websites and try to perform any activity in the system. Designing the right user experience would drive the customer to actually performing transaction instead of surfing the websites without making an actual conversion.

3.2 Registering Customer

It is a fact that can’t be avoided that most of users are driven by gimmick to register themselves to a service. And in other case of ecommerce business models, such as Lazada, the cost of converting a user from an anonymous to a registering customer can climb up to 7million IDR per user and without guarantee that converted user will became an active customer.

The similar case and pattern are shown in this service as well, most of visitors are converted to be a registered customer when there is gimmick provided post registration service. However, if we compare the cost acquisition for the websites compare to other competitors the cost is lower than the average.

It is actually very crucial for the service to get a customer registered into the system. Once the customer is registered, system could start labeling the account with the right credential data and build the pattern based on the profiling.

When a customer registering himself to the service, system requests a unique identifier that will be associated to the customer account details. And activity that made by the customer will be recorded under the specified account. In this platform, system defines user mobile number as the identification of the system and it requires MPIN to authenticate any payment activities made from the source account.

3.3 Second Transaction (Registered Customer)

Once user registered in the system they can freely choose any medium or interface to make the transaction that integrated to the payment system. The current established interfaces are:

- USSD Channel that can be accessible from customer registered mobile number
- Web Desktop and Mobile
- Native Apps

Each of channels provides a difference advantages for the customer, and it is up to the customer to select the most convenience channel they prefer to use, although nowadays 60% traffic would be driven from native apps channel.

The interaction of second transaction would be the moment of truth for the solution. It shows shorter processing time compare to first transaction and provides far better user experience. Second payment result determines the conversion of user from visitor to become an active customer.

3.4 Active Customer

Active customers are the ones that attached to the service and they are reluctant to use other financial platform to perform the same activities. They would prefer to use the service as they find it providing convenience at most.

This typical customer is really hard to shift to other provider unless they have experienced a very bad interaction that would make them not loyal to the service. Once the user becoming an active
customer, the company can leverage the service based on habit and patterns of the customer and monetize the feature as a service. Below chart depicts the customer funnel as described above:

4. Aggregating Customer Data and Profiles

Actual implementation of customer funnels in Fusion Payments. As mentioned in above chapter, the system is designed to identify customer through a unique identifier setup in the system. The account will attach the unique identifier and it holds the details activity made by the users.

The following diagram depicts how the information will be incorporated in the system and later to be used as data analytic to understand the trends that shows the overall customer behavior.

Under the analytic system, the application is not only incorporate data and setup trends, but the system is also expected to develop an AI which later to be used as form of communication to the end customer or to develop further customer advocacy bot.
The following is the sample how system creates profiling for a registering customer:

![Unified Customer Profiling in Beta Out](image)

**Figure 3: Unified Customer Profiling in Beta Out [2]**

5. Analytic Framework and Decision Making

5.1 Formulation

The design of customer funnels became the guidelines for the product design in short term and long run. Although slight adjustment to the funnel is possible in order to meets the market requirement which is fluid and unpredictable, yet dramatic alterations must be avoided at any circumstances as it will impact
to the overall company strategy, product design, development effort and incurred cost (both in development and marketing cost).

Understanding the formulation of the customer funnel that described in previous chapters, define:

- Business opportunities that can be leveraged based on the information that system holds and infrastructure that has been built to support the operations
- Clear business opportunities will drive the product roadmap
- A firmed product roadmap can be used as basic guidelines for the company strategy as it provides cost and benefit analysis to take the decision on the opportunity or distraction that may incurred higher cost for company to operates

5.2 Implementation

The development of detailed process in building up a system in the long run or creating a feature in the short term plans for carrying out any marketing requirement that agreed on in strategy formulation.

The implementation phase are:

- Business planning: Setting specific project objects, creating project schedule, and setting measureable performance target.
- Resource allocation: Determined what are organizational resources including humans, financial, technology, etc.
- Project management: putting life to the project through hiring stuff purchasing, equipment, license, and so on.

5.3 Assessment

The continuous evaluation of progress toward the organizations strategic goal, resulting in corrective action and, if necessary, strategy reformulations.

6. Conclusion

This paper describes how Fusion Payments implement strategic information and planning used for marketing funnel. The framework can be used as a baseline for creating customer funnel in other area, using customer profiling and analytics framework to take decision.

Reference