

Paying Their Dues

SIX Payment Services has been a specialist in card and payment technology for more than 15 years. Today, the business has internationalised its operations and created a critical customer-centric focus.

Images by Oliver Rust

Streamlining the payment process for merchants and consumers has been a passion for SIX Payment Services for more than 15 years. As a leading provider of secure and innovative solutions along the entire value chain of cashless payments for financial institutions and merchants, SIX Payment Services is working with partners and clients to explore new platforms and contactless technologies.

Niklaus Santschi, CEO of SIX Payment Services, spoke to *The CEO Magazine* about the many evolutions the company and its industry have seen in recent years.

The CEO Magazine: How has your career led you to your current position?

Niklaus: I studied history of economy and European law so I'm not the typical MBA career guy. I intended to have a career in diplomacy, but nevertheless I was working in the credit card industry in a part-time job during my studies and I came into contact with the industry. After a certain time, they asked me to take over a few projects so I started some work in the call-centre environment and then I took over a role in product management. I then worked in a few different businesses within the industry, including working on the first international sales proposition for processing services.

By 2004 I was called to Multipay, now SIX Payment Services, to move it from a monopolistic business to a more competition-orientated and margin-driven business. First, I started to transform their business in Switzerland and then I began to build a new strategy and to internationalise it in 2006.

I'm a person that is very much involved in the industry. I've learned a lot from the industry's open heart. As career support, I did several management programs, like at Insead in Paris and others, to build my skills and prepare myself for this job.

As CEO since 2012, what have been some of the key initiatives that you've implemented?

In 2011, we were two divisions within SIX. One was the commercial acquiring business and the other was the processing environment. The board of directors decided to merge these two divisions in order to create synergies. I then became CEO of that division and since then I restructured the operations, sharpened the proposition, acquired an important competitor in Austria and continued to internationalise SIX Payment Services. We increased over these three years our top line remarkably from CHF600 to 950 million and the operating profit by 50 per cent.

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What is the basis of this success?

The first key initiative was in 2002 when we really tried to change the internal mindset. We completely restructured our offer. Our offer was focused on the current customers in Switzerland and it was not at all compatible or competitive. We changed that in order to be competitive with international businesses.

The second important initiative was in 2005. I did a thorough assessment of the team we had and the structure we had around it. We replaced around 50 or 60 per cent of the management staff within two to three years to become a more internationalised business and more competitive from a spirit and mindset perspective. We added people from the customer industry, from retail, hospitality, and e-commerce, to bring other skills and perspectives to our business and create a customer-centric view.

The next step was restructuring our business after the merger. When we merged the divisions, we had to restructure significantly with lay-offs and adapting to the new cost structure. We came from a company-centric management style; we had 12 or 13 companies in Europe at the time and each was functioning independently. We now only manage along customer segments, so we have a merchant segment, and a bank segment, and drive each with



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joint marketing and engineering supported by a joint operation. Our structure is much simpler now and it shall help to establish new business as well as companies we intend to acquire in the future. Another initiative is that we defined our growth strategy along focused product ranges and geographies with excellence on quality, service, and delivery.

What are the key values that make up the DNA of SIX Payment Services?

SIX Payment Services has its origins in Switzerland and it combines the typical strong values of Swiss business, which are reliability, quality, and innovation in engineering. It's not the business creativity but the engineering innovation and competence that make it so successful. It's very process-orientated and these are all very good foundations for a payments business, because at the end of the day you need to deliver trust and security. Those are the main values that a customer expects.

On the other hand, what we try to achieve is to implement a more entrepreneurial thinking. We added people from other environments and industries. When I started we were purely based in Zurich with around 600 people. We now have around 1,200 people, with 800 in other divisions of the SIX business, and I would say 700 of those people are not in Switzerland. It's valid for operations but it's also valid for the whole management body, which I think is very important. If you want to grow in Europe you have to understand your market so you have to work with people from all over the continent.

As CEO, what's your philosophy on management and operating a successful business?

I think the first thing is to set a very tough ambition. Having a very clear goal is vital. I think I'm quite well-known in the business for vision. The vision is simple: to be the best business in our industry in Europe. It's about having that vision, transporting it,



and then setting quite ambitious goals. In my experience, people then strive to achieve these goals because they're convinced that they're achievable.

The second part is focused on interacting with people and making them understand why and what, specifically on what we'll do and what we won't, because in our business you could do 100 different things. One of our main topics was focus and I always remind people to become focused and stay focused.

There's a transition in the industry towards contactless technology. How are you managing that transition?

Switzerland as our home market is always somehow behind the cutting-edge technology-driving countries in Europe. What we did was we started a contactless rollout with a very big customer that we had in Poland. We did that in Poland and learned a lot about this specific environment. We then transported it to all our main customers in central Europe where we then worked together with big retailers. It was always very closely run with the merchants and the card issuers because rolling out is one thing but if there are no cards then it doesn't make sense. We aligned that and we did campaigns in TV and print. It was a combined effort.

Looking forward, how are you aiming to expand the business?

Our focus is on Europe at the moment. We have small businesses

in the United States and Asia but only in the niche of payment processing in hospitality environments. With the introduction of the NFC [near field communication] technology and contactless payments, we clearly see that the next step is to move it from the card to the smartphone as the interaction point between the consumer and merchant for payments, loyalty, and marketing. This whole convergence comes to a single point of enabling a transaction and managing cloud based all over a retailer's network.

What we do to scale the business is follow a simple strategy of focusing along specific verticals. One is luxury retail chains, like Louis Vuitton or Zegna, where we supply the same infrastructure all over Europe, in any language or currency, through one single source. It's not only the hardware that's single source but that whole process behind it as well. For them, it makes life much easier if they can run all their shops and payment systems in the same way.

We do this with hotels, parking companies, ticket companies, and e-commerce. Ultimately, these multinational merchants drive us to other continents, like North America or Asia, but at the moment we respond to that need with partnerships in those markets. Sooner or later, we'll have to consider whether we want to buy businesses or build a local presence, but we haven't decided yet. •