clover

Retail SaaS Go-to-Market Plan

Clover Commercialization & GTM

August 2024

Executive Summary

Retail vertical Product Vision

Enable retailers to grow by simplifying inventory management and offering omni-commerce capabilities that embrace market trends and allow them to meet customers in their preferred channel while providing best experience

MVP
Target sub vertical: Clothing & Accessories

Clover is launching Retail Growth SaaS to expand verticalized offerings

Objectives

Own core capabilities such as Inventory Management, Website, and Ecomm to close the gap with competitors

Increase penetration in verticals that heavily rely on software to enhance business efficiency

Build a strong presence in software by developing brands with merchants and partners, driving enhanced acquisition effectiveness

Grow ARPU by driving adoption for verticalized solutions that address rapidly growing merchants needs

Expand share of wallet with merchants and partners in Retail vertical

New & Enhanced Offerings

| Website & Online Store | Inventory Management | Customer Loyalty | Employee Management |

New SaaS Plans 2024

Retail Growth

Initial focus on Clothing and Accessories

- Jewelry
- Men's & Women's Clothing
- Women's Accessory
- Shoes
- Tailors
- Sports Apparel
- Children's Wear

Why?

Retail Merchants Find it Difficult to Navigate High Failure Rates and Thin Profit Margins

High Failure Rates

1. **Cash Flow Management:** Poor tools can lead to overstocking, slow-moving inventory, or low revenue.

1. **Market Research:** Inadequate research and planning may hinder your ability to attract and keep customers

1. **Operational Hurdles:** Inefficiencies in inventory management, staffing, or supply chain can result in high costs and poor service.

1. **Competition from Online Retailers:**Online platforms often offer lower prices, greater convenience, and more selection, making it tough for traditional retailers to compete.

Thin Profit Margins

1. **Rising Costs:** Poor grasp of overhead and cash flow can squeeze profit margins, limiting expense coverage and growth investment.

1. **Pricing and Preference Pressures:** Misunderstanding customer preferences, market trends, and competition can result in poorly aligned pricing and product offerings.

1. **Inefficient Operations:** Ineffective inventory management, staffing, and supply chain processes lead to higher costs and reduced profit margins.

1. **Integrated Online Strategy:** Lack of e-commerce adaptation and online strategy integration can hinder a merchant's competitiveness.

Clover is Addressing Key Pain Points for Merchant's Day

Inventory Management

22%

Is what the average retailer sits on of surplus stock

Competition from online retailers

80%

Of SMB retailers are selling online

Fast-changing customer spending trends

18%

More revenue for a merchant who offers a loyalty program than those who don't have one

Technology integration and adoption

46%

46% of the SMB retailers use manual methods for inventory tracking or don't track inventory at all

Clover's Solution Addresses these Challenges

Scalable Growth	Simplified Operations	Sell Everywhere	Access to Capital
As your business expands, Clover's ecosystem grows with you. Whether you're adding new items, staff, or locations, our tools scale effortlessly to support your needs	Clover simplifies daily business tasks with integrated inventory management, employee management, and payment processing - enabling merchants to concentrate on growing their business	Leverage Clover's online selling capability to meet and acquire more customers wherever they shop	Utilize Clover's financial management solutions, including cash advances and instant transfers, to maintain healthy cash flow and fund business growth when needed
Increase margins by 45%	**Reduce Technology Costs upto 8%**	**Achieve upto 2.2X ROI**	**Increase Retention by 20%**

Clover reduces total cost of ownership up to 8% when merchants convert from major competitors

	Clover	Square		Lightspeed		Shopify	
SaaS Plan	**Retail Growth ($84.95/mo)**	**Retail Plus ($89/mo.)**		**Retail Core ($179/mo.)**		**Shopify POS Pro ($89/mo.)**	
	Avg Cost / mo.	Avg Cost / mo.	Save by switching to Clover	Avg Cost / mo.	Save by switching to Clover	Avg Cost / mo.	Save by switching to Clover
Retail (GPV $300K)	$885	$967	8%	$960	8%	$960	8%
Retail (GPV $600K)	$1,634	$1,650	1%	$1,733	6%	$1,697	4%
Retail (GPV $1,000K)	$2,622	$2,646	1%	$2,651	1%	$2,637	1%

✓ **All three competitors are costlier in every single case**

✓ Square, Lightspeed, and Shopify could be **as much as 8% more costly** vs Clover;

✓ **Lower total cost** for existing Clover merchants (lower HW cost)

✓ Total cost takes about **3%** of the merchant revenue

Assumptions

All scenarios based on purchased hardware

Fees only include CPF and Clover Managed Security; one-time fees like set-up fees are excluded

Avg ticket size ($50,$70,$100) and CP ratio (95%) based on Clover Services merchants data and market research

Clover Expands Margin for Retail Merchants

Clover can help Retail merchants uplift margin by 45%+
Merchants can achieve up to 2.2X value ROI

Clover Solution	Benefit to Restaurant	Financial impact	Merchant 1 Annual GPV $300,000		Merchant 2 Annual GPV $500,000		Merchant 3 Annual GPV $1,000,000	
			Solution used	Annual Impact	Solution used	Annual Impact	Solution used	Annual Impact
Website	Increase digital presence and acquire more new customers	Revenue growth	Yes	$14,820	Yes	$24,820	Yes	$49,820
Customer Loyalty (Partner)	Reduce customer churn		Yes	$12,576	Yes	$21,576	Yes	$44,076
Clover Gift cards	Increased spend by customers per visit		No	0	Yes	$5,000	Yes	$10,000
Automated sync with Accounting systems with Codat	Save hrs spent on manually transferring data from POS to accounting platforms	Cost savings (Labor)	Yes	$1,080	Yes	$1,080	Yes	$1,080
Employee Management and Payroll	Save hrs with automated remedial tasks Save fines from non-compliance		No	0	Yes	$8,050	Yes	$8,050
Inventory Management	Save on stocking, handling and other inventory cost	Cost savings (Inventory)	No	0	No	$0	Yes	$20,000
		Margin (%) Increase	**5%**		**7%**		**8%**	

Clover Solutions For Retail

Clover Solution Set for Retail

Software Plans

Software Plan	Monthly Price
Retail Growth	1st Device: $84.95 Add'l Device: $19.95
Essentials	1st Device: $14.95 Add'l Device: $11.95
Payments	1st Device: $0.00 Add'l Device: $11.95

Value-Added Software & Services
Selected Solutions

Solution	
Financial Services	Clover Capital
	Rapid Deposit
	Bill Pay (Melio)
	Sales Tax (Davo)
Customer Engagement	Clover Gift Card
	Clover Loyalty
Employee Management	Time Clock (Homebase)
	Payroll (Gusto)

Hardware

Station Solo   **Station Duo**   **Mini**

Flex   **Go**

New in 2024

Flex Pocket   **Compact**

Clover offerings for Retail

Solutions		Status		Status
Hardware	• Flex - Mobile POS	✓	• Mini	✓
	• Flex Pocket - Lightweight and sleek Mobile POS	✓	• Compact	✓
	• Station Solo - High performance countertop device	✓	• Clover Go	✓
	• Station Duo - Includes customer facing terminal	✓		
Payments	• Accepts all credit & debit cards and bank payments	✓	• Surcharging (with or without a device)	✓
	• Take payments with Virtual Terminal	✓	• Cash Discounting	✓
	• Access to developer tools for custom integrations	✓	• Apple tap to pay	✓
	• Take payments with mobile point-of-sale	✓	• Recurring payments	✓
Online Store	• Customizable website	Q3	• Display items and sell online	Q3
	• Buy online pick up in store, shipping & delivery ('25)	Q3	• Google Shopping integration	'25
	• Online channel management	Q3		
Inventory Management	• Real-time tracking of inventory levels	✓	• Return/exchange restock	'25
	• Automatic inventory adjustments for sold items	✓	• Purchase order management	'25
	• Upload images for items	Q3	• Vendor management	'25
	• Matrix Inventory Management w/ variant	Q3	• Item tracking and history	'25

Solutions		Status		Status
Employee Management	• Tips Direct Distribution	✓	• Time tracking and scheduling	✓
	• Control and permissions	✓	• Payroll integration	
				'25
Customer Management	• Giftcards	✓	• Customer profiles and history	✓
	• Loyalty and rewards	✓	• Customer Feedback	✓
Financial Management	• Working capital	✓	• Accounting (Codat)	✓
	• Instant Transfer	✓	• Automated Sales Taxes (Davo)	✓
Reporting and Analytics	• Sales reports and trends analysis	✓	• Data visualization tools for business insights	✓
	• Labor cost and employee performance reports	✓	• Custom report generation	✓
	• Inventory and cost of goods sold (COGS) reports	✓	• Retail Specific reports	✓
	• Financial and tax reporting	✓		
Security and Compliance	• PCI compliance for secure payment processing	✓	• Data encryption and backup	✓
	• User authentication and access control	✓		
Integration Capabilities	• Integration with accounting softwares, CRM tools, and marketing platforms	✓	• Third-party app marketplace	✓
	• API for custom integrations	✓		

Winning Against Competition

Winning from white space and from competitors

Clover Differentiator	Empower service businesses to effortlessly discover, sell to, and retain customers—all within a single, unified platform.

Winning from whitespace

- **Specialized software**: Tailored tools to help businesses run smoothly

- **Simple**: Easy for staff to learn and use

- **Integrated**: One system that connects all parts of the business

- **Engaging**: Offer tools to increase customer spending, bring back customers, and encourage referrals

Winning from competitors (Square etc.)

- **Customizable solution**: Tailor your POS experience with a variety of hardware options and Apps to get all your needs covered

- **Reliable processing**: Back by fortune 500 company to provide

- **High value for money**: Essential features are included, usually with no extra fees

- **Professional support:** Know you are in good hands with Clover's 24/7 support via phone, chat, and email

How to sell

- Emphasize the **ease of use** for Clove solutions as it simplifies complex tasks such as managing appointments, employees, and inventory.

How to sell

- Focus on the **long-term benefits** of increased customer engagement, such as lower total cost of ownership and higher lifetime value.

- Provide onboarding support to ensure a **smooth transition** from the current provider.

Clover Retail Growth Plan provides a more well-rounded feature set

	Clover Retail Growth $84.95/mo for first device $19.95/mo for additional device	**Square Retail Plus** $89/mo. per location	**Lightspeed Retail Core** $179/mo. for one countertop POS device per location	**Shopify Retail POS Pro** $89/mo. Per location
Acquiring	(Set by Acquirer)	2.6% + 10¢ (CP) 2.9% + 30¢ (CNP)	2.75%+30¢ (CP) 3.5%+15¢ (CNP)	2.6% + 10¢ (CP) 2.9% + 30¢(CNP)
Hardware	Mini, Solo, Station	Choose your own	Limited options	Limited options
Inventory Mgmt.	✓ Product variants ✓ Real-time inventory tracking ✓ Bulk inventory import/export ✓ Low stock alert ('25) ✓ Item history ('25) ✓ Vendors & purchase order mgmt. ('25) ✗ Multi location item mgmt.	✓ Product variants ✓ Real-time inventory tracking ✓ Bulk inventory import/export ✓ Low stock alert ✓ Item history ✓ Vendors & purchase order mgmt. ✓ Cross location sync	✓ Product variants ✓ Real-time inventory tracking ✓ Bulk inventory import/export ✓ Low stock alert ✓ Item history ✓ Vendors & purchase order mgmt. ✓ Cross location sync	✓ Product variants ✓ Real-time inventory tracking ✓ Bulk inventory import/export ✓ Low stock alert ✓ Item history ✓ Vendors & purchase order mgmt. ✓ Cross location sync
Website & Digital Storefront	✓ Custom website ✓ Online selling ✓ SEO & Social ✓ Custom domain ✓ In-store pick up ✓ Delivery & Shipping (Q1 '25) ✗ Professional website tools	✓ Custom website ✓ Online selling ✓ SEO & Social ✓ Custom domain ✓ In-store pick up & Delivery ✓ Shipping ✓ Professional website tools ($29/mo.+)	✓ Custom website ✓ Online selling ✓ SEO & Social ✓ Custom domain ✓ In-store pick up & Delivery ✓ Shipping ✓ Professional website tools	✓ Custom website ✓ Online selling ✓ SEO & Social ✓ Custom domain ✓ In-store pick up & Delivery ✓ Shipping ✓ Professional website tools

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Customer Loyalty	☑ Customer profiles and order history ☑ Loyalty and rewards ☑ Marketing and email campaign ☑ Customer Feedback	☑ Customer profiles and order history ☑ Loyalty and rewards ($45/mo.+) ☑ Email marking ($15/mo.+) ☑ Customer Feedback	☑ Customer profiles and order history ☑ Loyalty and rewards ☑ Marketing and email campaign ☑ Customer Feedback	☑ Customer profiles and order history ☑ Loyalty and rewards (+$$) ☑ Marketing and email campaign ☑ Customer Feedback
Employee Mgmt.	☑ Access control and role-based permissions ☑ Time tracking and scheduling ☑ Integrated Payroll ('25)	☑ Access control and role-based permissions ☑ Time tracking and scheduling ☑ Integrated Payroll ($35/mo. + $6/mo. per employee	☑ Access control and role-based permissions ☑ Time tracking and scheduling ☑ Payroll ($40/mo. +$4/mo. per employee)	☑ Access control and role-based permissions ☑ Time tracking and scheduling ☑ Payroll ($40/mo. +$4/mo. per employee)
Financial Mgmt. (+$$)	☑ Working capital and Instant Funding ☑ Accounting sync ☑ Automated Sales tax ☑ Accounts payable	☑ Working capital and Instant Funding ☑ Accounting sync ☑ Automated Sales tax ☑ Accounts payable	✗ Working capital and Instant Funding ☑ Accounting sync ✗ Automated Sales tax ✗ Accounts payable	✗ Working capital and Instant Funding ✗ Accounting sync ✗ Automated Sales tax ✗ Accounts payable
Support	☑ Phone ☑ Online	☑ Phone ☑ Online	✗ Phone ☑ Online	✗ Phone ☑ Online

Retail Opportunity

Retail vertical overview

Overall market assessment	**Overall, Retail vertical is a fast-growing market** • Total number of outlets growing at ~11.4% y-o-y • GPV is growing at ~19.2% y-o-y
Sub-Segment attractiveness	**Clothing and General Merchandise (> 200K outlets) is most attractive segment; winning here is critical to long-term success** • Clothing and Accessories is projected to grow at a CAGR of 13.25% from 2023 to 2032. • The Clothing industry tends to have a 5% higher customer satisfaction compared to other sectors • General merchandise and Clothing retailers are looking for new technology to adopt as business movies online
Competitive landscape	**Clover provides an all-in-one business operating system for Retail merchants** a) In general POS market, Clover wins by offering a verticalized solution for Retail merchants b) In specialized market, Clover wins by offering an integrated solution for merchants to
Segment Needs	**In order to win and grow in the Clothing and General Merchandise Retail Space, Clovers needs to provide:** • Inventory Management – Upload images to items, bulk inventory import/export, variants/modifier tracking • Branded Website – increase exposure and expand customer base • Employee Management – efficiently track employee schedule and time • Customer Loyalty – reduce customer churn and increase repeat businesses

Who are Retail Growth SaaS target merchants?

-   Initial focus on Clothing & Accessories

    -   Mens, Womens, and Child clothing

    -   Shoes and other Apparel

    -   Jewels and Accessories

    -   Sports Apparel and Uniform

-   Single location

-   Physical store + starting selling online

Retail Messaging and Positioning

Clover solve for key Retail needs

Retail merchants often seek a comprehensive and adaptable solution that addresses their unique challenges. They need a solution that boosts operational efficiency, ensures a consistent shopping experience, and helps them attract and retain more customers.

Retail Needs	Example Solutions
Cash Flow Management SMB retail merchants often struggle with managing cash flow, especially if they have irregular income or delayed payments from clients.	Clover Capital, Rapid Deposit, Kiosk, Gift cards (use for returns)
Inventory Management Balancing inventory levels to meet customer demand while minimizing stockouts and overstocking is a constant challenge for SMB retail merchants. Poor inventory management can lead to lost sales, increased carrying costs, and cash flow problems.	Item tracking, Variants Management, Stock keeping, Catalogue, Import/Export bulk inventory, Migration
Operational efficiency Optimizing operational processes to reduce costs, improve productivity, and enhance customer satisfaction is a continuous challenge for SMB retail merchants.	Employee Management, 3rd party app for order fulfillment and order routing
Reaching and retaining customers by collecting and leveraging sales data to acquire more customers and increase repeat business	Digital storefront, (Websites E-Comm and hosted web checkout)
E-Commerce integration Retailers need a online store to reach more customers, and integrate their online store with their in store experience	Branded website, online store, check-out integrations Clover Gateway, hosted web-checkout, Virtual Terminal & E-Comm integrations

Clover for Retail – Value Proposition

Simplified Business Operations

Make your day-to-day easier by tracking and managing your stocks. Our solution takes care of the details so you can focus on selling more.

Merchant owns customer experience

Customize your client interactions from start to finish. Create a online selling, payment, and communications experience that brings your customer back.

Scalable solutions for growth

Grow your business with a system that scales with you. Add services, staff, or locations easily - Clover platform evolves as you do.

Messaging examples

Tag line	**Save time and effort** with Clover's Retail SaaS to effortlessly manage your business and put your customer first
Easy	Keep your stock organized and **reducing your administrative load and overstock cost**
Efficient	Your business never closes. With our online store, **customer can buy anytime, anywhere**.
All-in-one	**Simplify your checkout process** with built-in payment solutions, allowing clients to pay in advance or at the time of service. This integration streamlines your financials and enhances client convenience.
Drive traffic to store	Bring more people to your store and **increase sales**

Experience

eCommerce website / eCommerce site

Merchants can enhance user experience by personalizing their website and linking other social media for a seamless interface

eCommerce Website

Integrated Checkout

Website and Storefront

Create a personalized website and storefront

Merchants can enhance their online presence through the creation and personalization of their website

Other personalization options

Hero image and CTA buttons

Font and color palette that reflect merchant's brand identity

Explicitly select categories to display in navigation bar

Custom domains

Highlight Your Featured – Storefront Selection

Merchants can choose between item tiles that emphasize either images or descriptions and can also select a featured category "Minigrid" for their homepage.

List your products and services

Select the product image template and featured category for your website.

Product image template

Select a product image template

Image-focused

Preview

Product name	Product name	Product name
Short product description	Short product description	Short product description

Featured category

Show featured category

Display products from the featured category on your homepage.

Category

Select featured category

You can edit your categories in Items.

Shop Home

View all products →

Owala Water Bottle	Bubble Faux Fur Chair	Solid Woven Shag Rag Rug	Scallop Lamp Shade
$35.00	$400.00	$210.00	$60.00
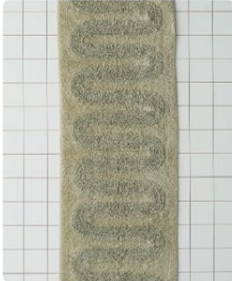
Lacey Bows Duvet Cover	Swirl Lime Mug	Lily Pad Petal Candle	Looped Squiggle Runner Bath Mat
$104.00	$12.00	$18.00	$35.00

CONSULTATION

Men's Haircut · 30 mins	$35.00	Women's Haircut · 50 mins	$95.00
Includes wash and styling		Includes wash and blow dry	

| Bang Trim · 10 mins	$15.00	Ghost Trim · 15 mins	$20.00
Add face framing-detail to your look with a bang trim.		Cutting only dead ends. No layers, texturing, shaping, or thinning.	

Example of item tiles that emphasize product descriptions

End-to-end ecommerce experience with search and fully responsive UX

User experience delivers a seamless, intuitive shopping journey from product discovery to purchase
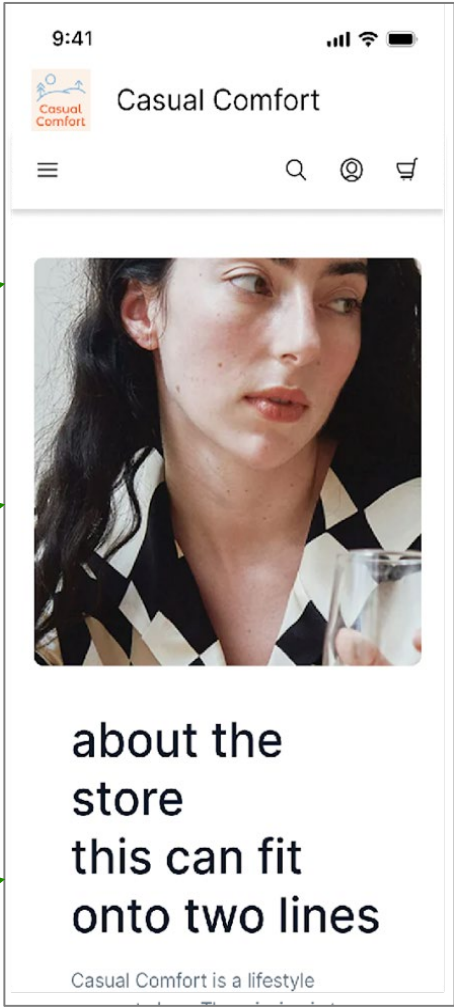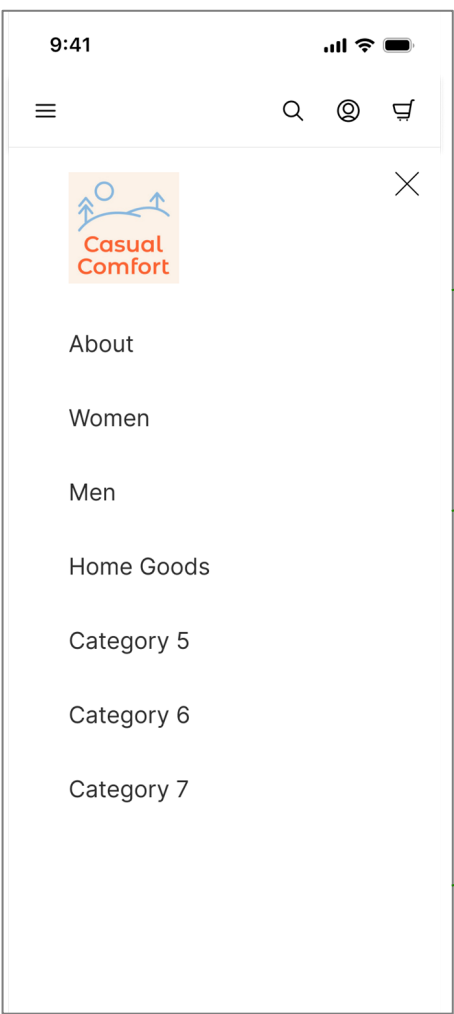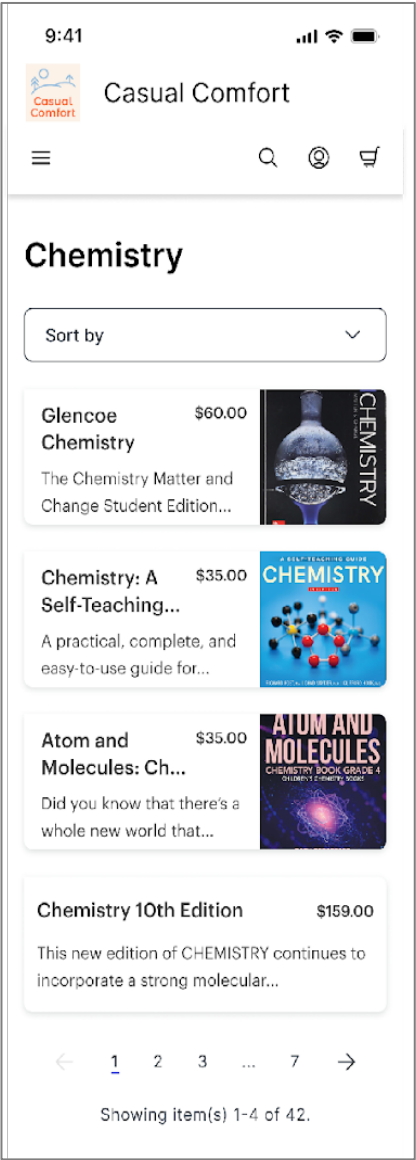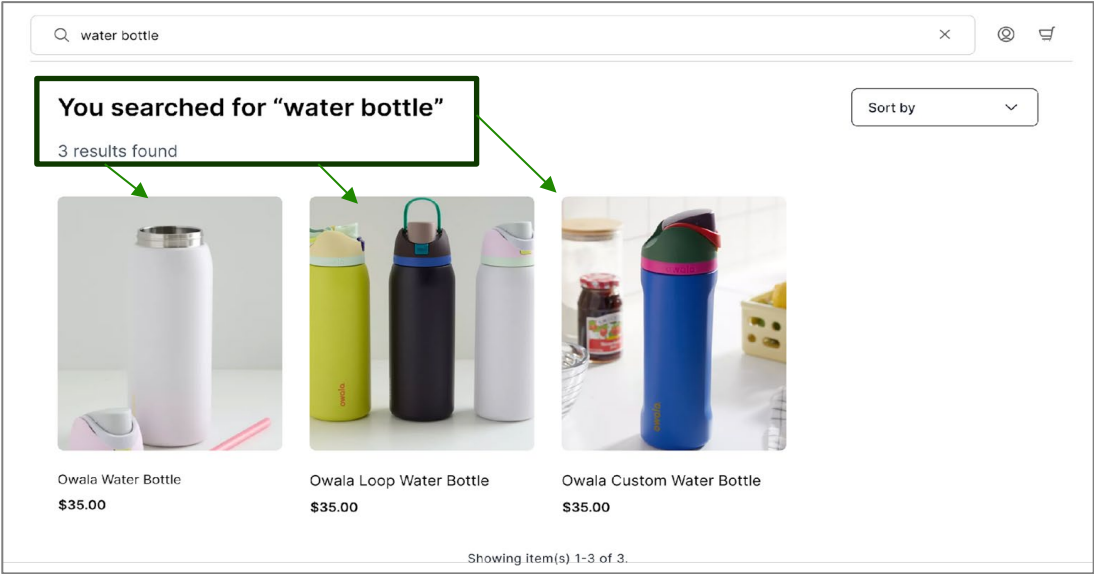
Custom Fields for Specifying SEO and Metadata Terms to Help with Search Relevancy

SEO and metadata

Add keywords and more to ensure customers are able to find your website.

Search engine optimization

Adding this information will help search engines display your site and attract potential customers.

Meta description

Enter a description of your company, products, and services.

00/200 characters

Meta keywords

Enter comma separated keywords that you would like to be known for, like this: Keyword, keyword, keyword, etc....

00/200 characters

Save

Key Points to Note

Plan Selection and Pricing

- Plan starts at $84.95 for the first device and $19.95 for each additional device.
- Merchants will see the Retail Growth and Services Growth Plans on the Change Plan screens. Register SAAS will not be listed here unless that is an existing merchant who is currently on Register.
- When a Register SAAS Merchant tries to change SAAS Plans, they will be notified that they will not be able to switch back if they were to change plans after Oct'24