



B2B Embedded Finance Playbook

Strategy Playbook by

WHITESIGHT

This report has been independently authored
by WhiteSight, and is not sponsored by any third party.

WS Fintech intelligence that you can count on

At WhiteSight, we do a lot more than create reports and infographics. We provide bespoke research and advisory services to companies operating in fintech markets around the world. Our services include:

Thought Leadership

Collaborative and commissioned content creation for thought leadership & branding.

Reports and white papers

Infographics

Newsletters

Learn more

Market Research

Tailored research and analysis to aid decision making.

Deep dives on market segments, geographies, and companies

Go-to-market support

Comparative benchmarking

Learn more

Strategic Relations Support

Business collaterals to effectively communicate with key stakeholders.

Periodic market insights

Fundraising collaterals

Sales Enablement Collaterals

Learn more



Reach out to us at hello@whitesight.net and get the conversation started!

WS Contents

1.	Research Methodology	05
2.	Executive Summary	06
3.	Company Overview Executive Team Funding & Acquisitions Post-IPO Market Capitalisation	07
4.	Product and Partnerships Product Suite Stack Partnerships Product case studies	12
5.	Business Volume Metrics The building blocks of an Payment SaaS	20
6.	Financial Performance Revenue Mix Net Loss Credit Loss Expense	22
7.	Future Outlook	27
8.	Further Reading	28

WS Executive Summary

Toast aims to provide a restaurant-centric software suite

Toast's restaurant-focused POS software simplifies commerce for businesses, providing all-in-one solutions. Through strategic acquisitions, they enhance/add different product to address specific industry challenges.



Serves three distinct target segment

Toast's suite of financial products caters to three primary customer segments: the restaurant businesses, their employees, and delivery partners, providing them with different financial products and services.

Financial technology solutions make up a larger percentage of revenue

As Toast expands its financial product lineup, it has experienced a notable percentage surge in revenue, primarily driven by a revenue mix dominated by financial technology solutions.

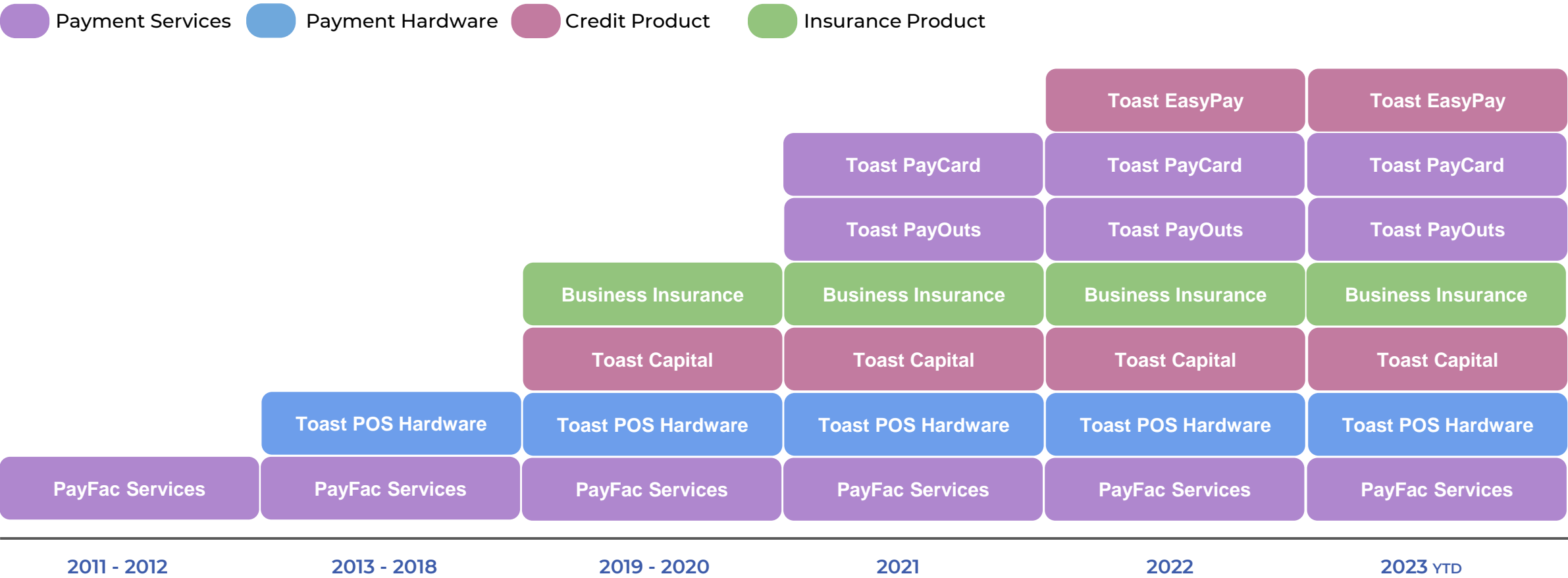
Exclusive emphasis on the United States, with plans for international expansion as well.

While Toast primarily targets the USA, it has initiated international expansion, with plans to reach neighboring and select European countries.

Rising subscription revenue

Toast has achieved better financial results through increased subscription revenue, driven by the expansion of user numbers and restaurant locations. Enabling merchants to use PayLater through Easy Pay has also played a significant role.

Toast has ventured into the embedded finance sector by initially offering payment facilitation services. Over time, it has transitioned to providing credit services through collaborative partnerships, particularly with a banking institution in Toast's scenario.



Note: Definitive date for health insurance not available.

Toast has 4 primary revenue streams:

1 FINANCIAL TECHNOLOGY SOLUTIONS

The highest proportion of total revenue is attributed to financial technology solutions which further includes revenue from –

- Transaction-based fees paid by customers to facilitate their payment transactions
- Fees earned from marketing and servicing working capital loans (Toast Capital)
- Servicing fee as well as a credit performance fee that is tied to the portfolio performance.

2 SUBSCRIPTION SERVICES

Subscription services revenue comes from customer fees for accessing software applications over a term of 12 to 36 months. The revenue is primarily location-based, varying with the number of software products, hardware configuration, and employee count at each location.

3 HARDWARE SERVICES

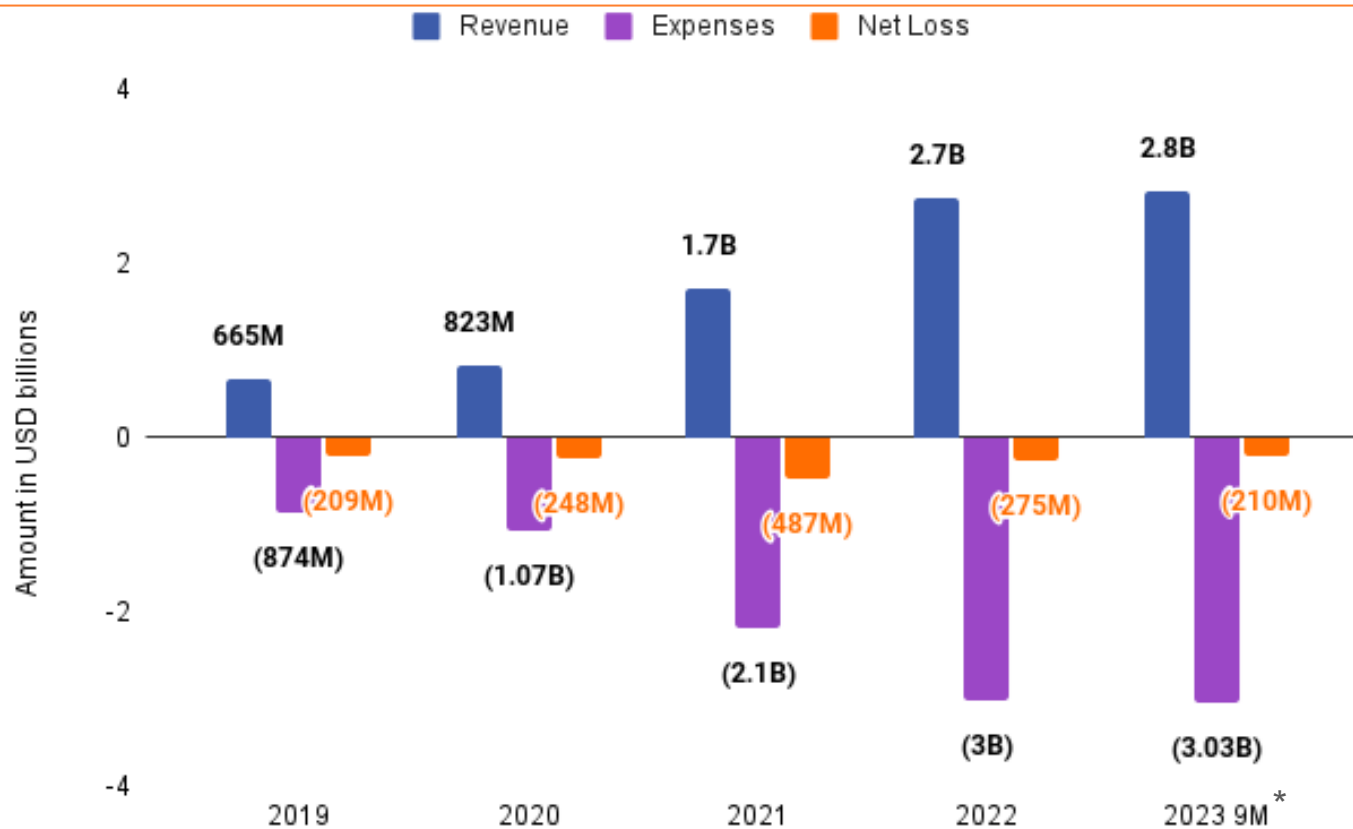
Revenue from the sale of terminals, tablets, handhelds, and related devices and accessories.

4 PROFESSIONAL SERVICES

Professional services include fees charged to customers for installation services, including business process mapping, configuration, and training.



The persistent losses incurred by Toast have raised concerns among investors. With increasing revenue, Toast has been gradually reducing its net loss percentage. While Toast has indicated the goal of achieving positive EBITDA in 2023, the actual outcome remains to be determined.



- Toast has consistently worked towards reducing its net loss percentage, as evident from past trends.
- The healthy and increasing gross profit margins indicate the development of sustainable revenue streams from core operations, guiding the company towards profitability.
- In 2021, Toast witnessed a substantial rise in revenue along with a notable increase in losses compared to the previous period. This can be attributed to the introduction of two additional products, namely Toast PayOuts and Toast Paycard.
- In February 2024, Toast announced layoffs, with plans to cut 10% of its workforce, approximately 550 employees. This move further underscores Toast's commitment to achieving 'profitability'. ([Source](#))

GROSS PROFIT MARGIN	9%	17%	18%	19%	22%
NET PROFIT MARGIN	-31%	-30%	-29%	-10%	-7%

This is a report preview. Purchase the report to access the full version.



WhiteSight is a FinTech research firm with a design-oriented and data intensive approach to research. WhiteSight brings unique and actionable intelligence to drive strategic growth and innovation agenda for its clients.

www.whitesight.net

This report has been published by **WhiteSight**.

To access the underlying data with further coverage and references, please reach out to us at
hello@whitesight.net

 @whitesight_

 @whitesight