



What it does

Adyen, Surinamese for 'Start over again', is a platform to simplify and accelerate global payments. It is focused on building a modern infrastructure directly connected to card networks and local payment methods across the world, allowing for unified commerce and providing shopper data insights to merchants.

Why we own it

- Adyen helps merchants manage complexity in payments as they transact across more than one country or channel. The company is fulfilling a badly unmet global need and has a huge opportunity.
- The majority of its staff are engineers who are continually focused on building new features. This is different to Adyen's competitors and it allows them to improve the offering at speed.
- Run by two founders who are long-term and thoughtfully creating a culture to motivate their staff.

How it could be worth many times more

- The replacement of cash continues.
- A vast opportunity €50 trillion global payment market of which Adyen process a few hundred billion.
- Increasing payment complexity (multiple geographies and multiple digital channels) makes Adyen increasingly indispensable and scale matters.
- Take rate increases with a move into a broader range of financial services .

Where we might be wrong

- Competition heats up between Adyen and Stripe and other payments methods as their addressable markets proves smaller than anticipated.
- The business becomes too profitable and doesn't reinvest enough.

Short 10 questions

Can sales double in the next five years?

1

Yes, revenues are growing at >40% p.a. Driven by increased volume from existing and new customers.

Ten years and beyond?

2

More than 40% of global payment volumes are still in cash – the more becomes digital, the more demand. Expansion into a broad range of financial services including banking services.

Competitive advantage?

3

Single software stack makes Adyen more resilient, efficient and easier to roll out internationally.

Is the business culture different?

4

Non-negotiable, the board and founder devote substantial personal time to making sure they have the right 'talent density'.

Customers like you? Contribute to society?

5

Customers like Adyen because it not only removes expensive and time-consuming obstacles to running and growing a business but helps to set out payments as a driver of increased revenue vs a cost centre.

Are returns worthwhile?

6

ROE is above 35%. 60% operating margins possible.

Will they rise or fall?

7

The upside will be managing to sustain its impressive returns for a very long time.

How is capital allocated?

8

Organic growth to stick to principles. Expansion into adjacent areas: lending and bank accounts.

Could it be worth 5x as much?

9

Cash will continue to be replaced, merchants will need multi-channel; multi-product, multi-country solutions.

What doesn't the market understand?

10

Upside can be greater than most would likely entertain.

Risk factors

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