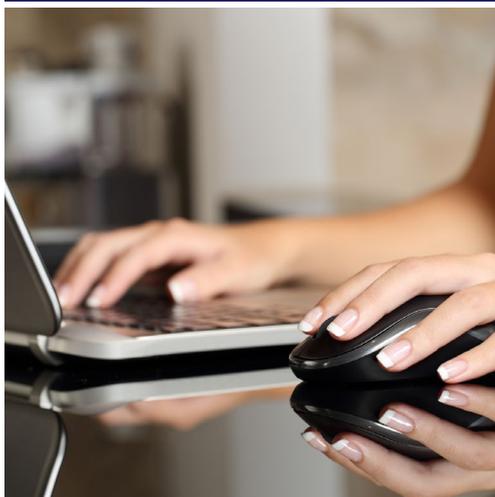# Case Study

Case study at a glance

Klarna.®

www.klarna.com

Client: Klarna Group

Goals:

- to replace its in-house platform with a flexible and customisable third party solution that would enable quick and easy system development;

- to future-proof its business by implementing an innovative open platform;

- to expand its business globally.

Challenges:

- the integration of numerous systems and interfaces in different formats;

- the development of five innovative financial products, including Klarna's two flagship products, with non-traditional approaches;

- ensuring all Klarna staff are trained on the new platform in a short timeframe to enable system development.

Results:

- contract to go-live implemented as scheduled in under six months;

- implementation enabled Klarna to launch in two new markets globally (UK & US).

COMPASS PLUS
Infusing Tradition with Innovation

TRANZAXIS

Klarna Group: Implementing a flexible system to future-proof business and aid global expansion

Background

Founded in Stockholm in 2005 to simplify the buying process over the internet, Klarna is a leading online payment provider and one of Europe's fastest growing and most exciting companies. Klarna makes online payments easier and safer by enabling consumers to purchase goods using just their email address and postcode, cutting out the need for passwords.

Active in 18 markets across the globe and with more than 1,400 employees, Klarna Group serves 45 million consumers and works with more than 65,000 merchants.

Goals

The strategic mission of Klarna Group is to become the world's favourite way to buy. To enable them to do this, Klarna needed a system that would not only be reliable for their current customer base, but also give them the flexibility to create new products quickly and grow their business globally. Klarna had followed the path of many start-ups, building its in-house IT infrastructure quickly, and whilst its platform had been perfectly capable for developing the products they required for nine years, any further development was proving near impossible. The fast-growing start-up needed a platform that was future-proof, ultimately flexible and scalable to its steep business growth trajectory.

In 2013, Klarna made the decision to replace its in-house platform with a third party solution to help them achieve their aims and continue to maintain and grow their competitive edge in the marketplace. However, having searched for a long time, they came to realise that there were no packaged solutions that suited their requirements – a platform that they could utilise to quickly develop products and services unique to themselves, rather than an off-the-shelf solution. Developing a new in-house system from scratch would take too long and was too much of a risk. After several meetings and detailed discussions to understand the differentiating functionality on offer, Klarna chose to implement TranzAxis, the Open Development Payments Platform from Compass Plus.

Selected as the platform that best suited the innovative culture within Klarna, TranzAxis enabled the online payment provider to utilise their own existing R&D capabilities to develop and launch new services quickly and cost-effectively. The open and flexible nature of TranzAxis offered a future-proof option that Klarna could customise themselves for system development and global expansion.

Challenges

Due to the short timeframe and complex nature of the project, work began as soon as the contracts were signed in January 2014.

Klarna's IT infrastructure includes multiple systems and services integrated via dozens of different interfaces. TranzAxis was implemented at the heart of it all to manage the financial products and merchants, generate documents for participants, and connect third party systems. The complex project led to a number of technical and organisational challenges.

The project incorporated the development and launch of five products, including Klarna Invoice and Klarna Account. Klarna Invoice gives consumers the opportunity to pay for goods after they have been delivered, whilst Klarna Account allows consumers to pay for their goods at their own pace in installments. Unlike traditional banking products, they have trilateral contracts – between Klarna, the merchant and the end-customer – which was a consideration. The project also included the integration of multiple interfaces in different formats. The service-oriented architecture of TranzAxis made this possible.

Compass Plus and Klarna worked closely throughout the project to ensure it was launched quickly. With so many different teams involved, it was important that the partners held monthly workshops to discuss requirements and schedule the work to make sure the project ran smoothly and that deadlines were met. The short timeframe meant that Klarna's experts did not follow the usual route of off-site training on the new platform, instead learning about TranzAxis 'on the job' in the process of project implementation.

Technology

TranzAxis

TranzAxis is an open development payments platform that goes beyond the architectural and conceptual frameworks of the most advanced electronic payment systems that exist today.

This next generation platform has been designed to meet the challenges presented by the rapidly diversifying payments landscape and to help payment services providers deliver unique and reliable products and services.

Results

The project went live as scheduled on 1 July 2014, just six months after the contracts had been signed. Today, TranzAxis manages all Klarna accounts and settlement with merchants, acquirers and banks.

Klarna has also recently launched a cloud-hosted service in the US through TranzAxis and went live with its first customer in September 2015. The online payment provider is hoping to migrate its existing customer base from its in-house system to the new platform in the near future.

"Klarna's mission is to simplify buying and to make Klarna the world's favourite way to buy. To facilitate this we need to be able to go to market with new products quickly, while never jeopardising quality and stability. We want to be adaptive to customer needs and market trends, while keeping the core robustness of a bank. We have chosen to use TranzAxis as transaction engine for our global expansion as we believe this will enable us to move fast to new markets while never risking losing core stability," said Yuval Samet, Chief Product Officer at Klarna.

About TranzAxis

TranzAxis is a specialist open application platform created to enable the development and support of switching, retail banking and other systems and applications in the domain linked to the automation of retail banking activities. It offers the user a full set of application development tools (builders, designers, editors, debuggers, etc.), as well as a set of specialist components that may be required in implementing diverse applications in the given domain. TranzAxis has been developed by Compass Plus, a global provider of comprehensive, integrated and flexible software and services that help financial institutions and payment service providers meet rapidly changing market demands. With more than 25 years experience, Compass Plus helps build and manage retail banking and electronic payment systems across Europe, Asia, Africa, the Middle East, and North & South America.