

Building the Best of Breed

PAX Technology's ambitious goals include reengineering terminals

By Bryan Ochalla

After several years working on the hardware side of the payments, Ken Paull was done—or so he thought. “It’s a tough business,” he explains. “Every day, every month, every year, you start out fresh. All anybody cares about is what you’ve shipped lately.”

Plus, notes the 20-year industry veteran, revenue isn’t based on residuals as it is in the rest of the industry. “Although you’re always trying to create some recurring revenue in software and services, the majority of your revenue is based on how many hardware units you’re able to ship.”

But late last year, Paull, who has two decades in the payments business, had a change of heart, accepting an offer to become the president of PAX Technology’s American subsidiary in Atlanta. He was attracted to the position—and to the company, which is headquartered in Hong Kong and has principal offices in Shenzhen, China—because of “the strength of its engineering and the growth path it was on.”

Nimble and Quick

PAX has been regularly adding employees and introducing new products since it opened its U.S. offices last year, making the organization more nimble. “When we see an opportunity—or when one of our customers helps us see an opportunity—we’re able to kick off a project, get it done, and deliver it to the market much more quickly than others.”

Paull also attributes the company’s flexibility to its financial health, which “enables us to have a surplus of engineers and keeps us from having to minimize how many products we’re working on at any one time.”

Current products include countertop, mobile, and pay-at-the-table payment terminals, as well as high-security PIN pads and contactless card readers. PAX also offers terminal information systems to help customers streamline the operation of their POS terminals and software development tools for value-added applications.

“We’re not trying to do everything ourselves,” says Paull, who adds that he spent much of his time in the past year choosing strategic partners, especially in the

area of software development.

“Our strategy is not to create all of the software ourselves [in China] and then ship it over here,” he explains. “A lot of our competitors have tried to do that, and it hasn’t worked very well.”

Instead, Paull and his team are aligning with companies they consider to be the best-of-breed software developers in the U.S. and then working with them to deliver applications directly to customers.

Talent and Innovation

“Best of breed” is a phrase Paull also uses when he describes PAX’s hiring practices—which, like the company’s product development process, is on the upswing, despite the economy.

“We’re trying to be selective,” he says. “There are a lot of people out there right now who are available and eager and experienced, so we’re taking our time and assessing the talent pool before bringing what we consider to be the very best people into our organization.”

Those new hires likely will help Paull realize his dream of expanding not only PAX, but also the entire industry. In particular, he wants to turn the tables on the industry’s legacy model by improving and enhancing the way terminals are programmed, deployed, interfaced, and updated.

“Technology is progressing rapidly all around us, but here [on the hardware side of the payments space] we are working with terminals that tend to work in the same antiquated way they always have,” he says.

Changing the way terminals are updated may be the most important part of Paull’s four-pronged process. “Today, when a merchant, ISO, or processor wants to change an application in a terminal, it’s not a trivial process. In many cases, it can take six or 12 months to add something simple like a check application or a frequent shopper program.”

Making those changes “isn’t going to happen overnight,” he adds. “So, in the meantime, our main proposition to the market will be to continue to bring highly functioning and featured equipment to the U.S. at the lowest price point possible.” **TT**

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