

## ACG Ottawa Chapter – Carving out spaces of Innovation with Wayne Pommen of PayBright

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On February 10<sup>th</sup> & 11<sup>th</sup> the Ottawa chapter hosted its 2<sup>nd</sup> Annual Conference in partnership with our Toronto ACG colleagues – *Emerging Trends and Opportunities in a Post Covid Market*. To close out the conference I had the pleasure of speaking to Wayne Pommen, former CEO of PayBright and current SVP of Affirm Canada regarding his experience growing PayBright to scale across the Canadian market. The following is an overview of our conversation with Wayne.

### Years leading up to PayBright:

Wayne is a graduate of Harvard and later finished his PhD at Cambridge in 2006 before expanding his professional career at Bain & Co. where he spent time in management consulting with a focus on advising Private Equity firms. In 2008 Wayne moved his family from London, UK to Toronto to join TorQuest Partners in their private equity practice where he increasingly spent time reviewing opportunities in the FinTech industry. One of these opportunities lead him to discover a spin-off business named Health Smart Financial Services which was later re-named as PayBright in 2017. Outside of his experience as the CEO of PayBright [now SVP, Affirm Canada] Wayne also sits on the Advisory Committee at Payments Canada and has been a board Member of Hudson Bay Co. since 2012.

### Origins of PayBright

Having initially started with 5 employees, PayBright has grown to over 200 employees at the time of their recent sale to Affirm for ~\$340M [ <https://www.affirm.com/press/releases/affirm-to-acquire-paybright> ]. In the early years of leading PayBright much of the focus was as an individual contributor in the trenches as Wayne put it, *“you have to be prepared to make lots and lots of decisions all the time and do it as efficiently and in as high quality a way as you can; when you’re in consulting your just advising other people to make the decision, and in private equity you only make a couple big decisions a year; in business, its constant.”* As the firm grows it’s a balancing act of judgement as to when is the right time to delegate and pull out of various decisions as the CEO; the job description changes over time.

One of the big takeaway’s from the experience is the importance of hiring high quality people early in the lifecycle as well as the broader importance of culture. *“If you start on the wrong foot with culture and values it’s very hard to course correct in the middle... we had a good foundation to build on”*. Much of this is related to finding quality people who are willing to take a leap of faith and get excited about the journey despite its many challenges.

### Identifying the niche and trends which create opportunity:

There’s nothing new about the fundamentals of consumer lending or the traditional idea of a buy now/pay later purchasing option. Historically the industry was driven through a store card/credit card model of financing which is reminiscent of the \$4,000 living room set of the 90’s or 00’s purchased and financed with a store card leveraging installment payments tied back to that individual retailer.

What has changed over time is that historical model doesn’t translate well with e-commerce purchasing which requires a fast, easy, and integrated solutions at checkout with minimal click through. Globally this trend was not being met through traditional banks or credit card companies but was being driven by

FinTech companies carving out space on various transaction platforms such as Shopify. Since 2015 at the origins of PayBright, the overall industry in E-Commerce instalment lending has growth from its infancy to tens of billions in its scale and has become an increasing solution for customers purchasing online.

Initial market adoption in Canada was slow with most of the interest originating from US based brands selling into Canada such as Wayfair and Casper mattresses. Beginning in 2019 the adoption rates among Canadian merchants to provide installment lending solutions for their customers at checkout increased substantially bolstered by trends in the US and abroad. PayBright was able to scale effectively by having the right distribution partners such as GoEasy and Shopify which were critical in terms of gaining efficient access to the customers at checkout through strong technical platform integration.

### **When to sell & choosing a partner:**

Early on in the pandemic PayBright realized it would be a beneficiary of the trend to E-Commerce spending through 2020 & 2021 which had changed market valuations of similar public and private firms. In discussions with their board they decided to run a process to filter various options for the sale of the company.

### **Key Considerations** when choosing Affirm as a partner:

- *Was is the right time from a value perspective for shareholders?*
- *Was there an opportunity to partner with a bigger, better resourced business where we could compete globally with them as partners?*
- *Was there a good culture and values fit where our team could be integrated?*
- *When culture doesn't fit you lose people, intellectual property, customers.*
- *Team needs to feel welcome, excited to join, and share the same values as the acquiring company which was the case with Affirm.*

We would like to thank Wayne for his time joining us at this year's annual conference.