

The Future of SaaS is Embedded Finance

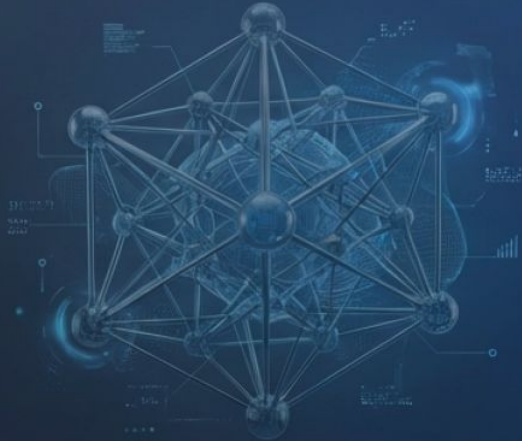


A strategic guide to embedded finance
for software executives

The Profitability Gap

Generative AI

Transformational for Productivity



Embedded Finance

Transformational for Unit Economics



Headlines focus on foundation models and context windows. But the single most important lever for SaaS profitability and retention is widely overlooked.

This is not an either/or choice. The most sophisticated companies use AI for product and Embedded Finance for the business model.

The "SaaS+" Prediction Came True

A16z predicted that every company will be a fintech company. UBS stated that while software is eating the world, payments are taking a bite

\$100B
Today

\$500B
2030

 **shopify**

 **ServiceTitan**

 **toast**

 **Mindbody**

In 2022, Rally Ventures introduced "SaaS+"—the thesis that the next software winners would grow by embedding financial services.

SaaS companies with embedded payments see revenue increases of 70% or more without acquiring a single new customer.

The Multiplier Effect on Revenue

ARPU Growth

Companies that embed financial services multiply Average Revenue Per User. These are not incremental gains; they are multiples.

2-5x

Zero CAC

You are monetizing existing users without new acquisition costs.

Higher Multiples

Public markets reward the durability of embedded finance revenue (compare Toast vs. pure-SaaS peers).

Pricing Flexibility as a Weapon

The Strategy

When you monetize transactions, you can discount your SaaS subscription—or make it free—to undercut competitors.



The Result

Your subscription-dependent competitor cannot respond without destroying their own economics.



Retention: When software handles payments, lending, or payroll, you become infrastructure. Switching costs compound.

How It Works: The Layer Cake



Your Software

(The Distribution Channel)

Embedded Finance Provider

(The Middleware/API)

Licensed Financial Institution

(The Regulatory Holder)

You don't need a banking license. Providers act as middleware, allowing banks to use your software as a distribution channel.

PayFac-as-a-Service has reduced implementation from years to weeks.

Beyond Payments: The 5 Pillars



Payments

Accept and process
(Stripe, Adyen)



Lending

Offer credit/capital
(Affirm, Pipe)



Insurance

Point-of-need coverage
(Cover Genius)



Banking

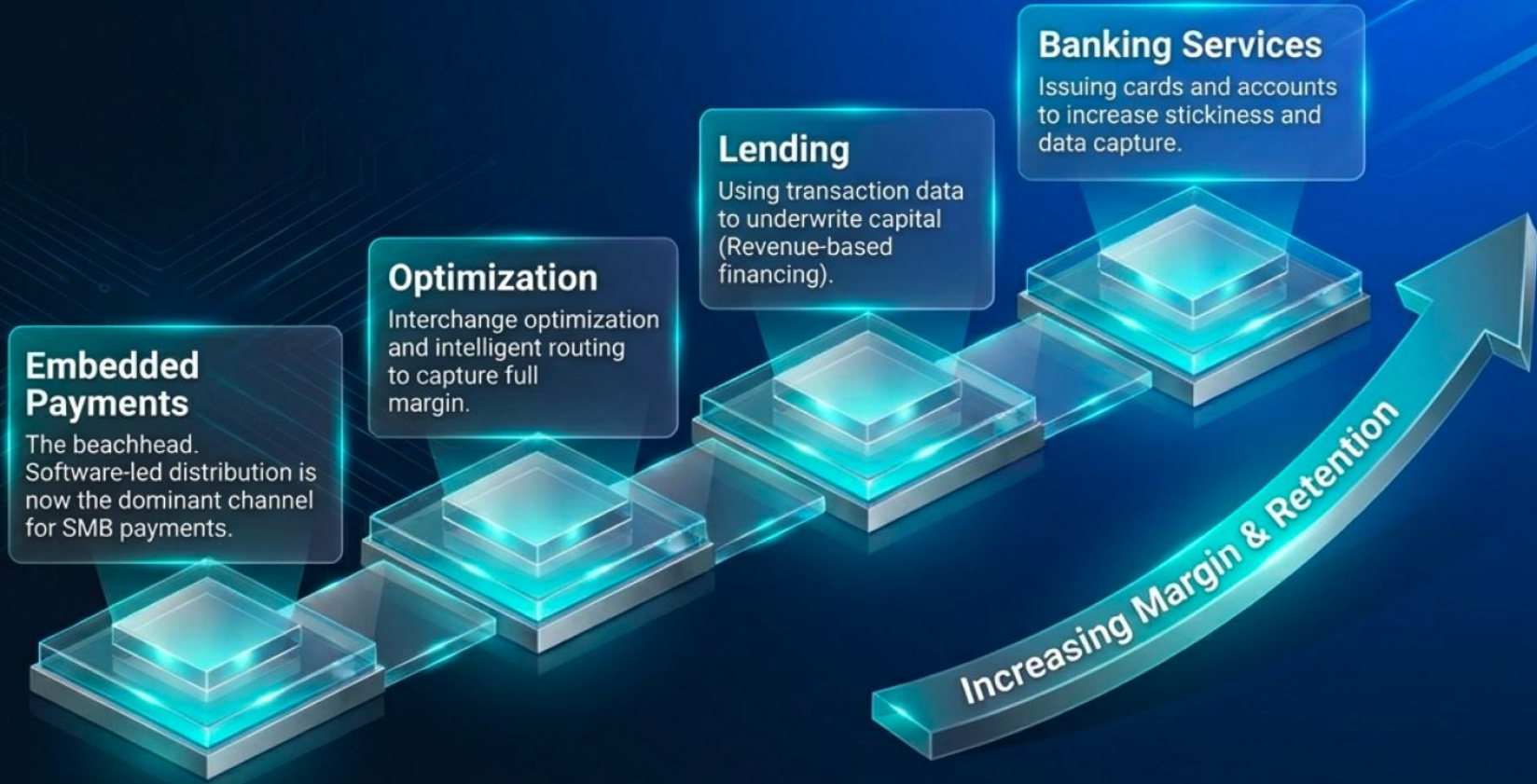
Accounts and cards
(Unit, Treasury Prime)



Payroll

Compensation flows
(Check, Gusto Embedded)

The Growth Roadmap



The Honest Challenges



Regulatory Complexity

Rules vary by jurisdiction and product. What works in the US may not work in Europe.



Fraud & Risk

Money movement attracts bad actors. Requires infrastructure for identity fraud and compliance.



The Talent Gap

You need "Heads of Fintech," not just SaaS sales. These roles are scarce and expensive.

The Window is Narrowing

The question is not whether embedded finance is relevant. The question is whether you will capture the opportunity before your competitors do.

Vertical SaaS + Embedded Finance + AI is the new standard for a durable competitive moat.

Charge Forward



Your guide to the Embedded
Finance transition.

ChargeForward.io