Cartpanda Migrates to The VGS Vault and Adds VGS Network Tokens

Cartpanda completed the move to VGS in less than two weeks and has already seen a 5% increase in GMV in 2 months.

cartpanda

Case Study

Client

Cartpanda is an e-commerce platform for merchants based in Brazil. It enables smaller sellers, including creators and entrepreneurs, to sell and promote their digital goods, services, events, and physical items with an online store solution, checkout, and payment gateway.

Lucas Castellani
CEO
Cartpanda

"We heard that VGS was easy to use and was the most popular in the market."

Lucas Castellani,
CEO atCartpanda

Region

Latin America, Brazil

Industries

Merchant Payment Enablers

Goal

Boost conversion rates by enabling 1-click checkout for returning customers.

Challenge

Find a solution to quickly migrate cards on file from an existing vault while keeping cards tokenized and secured, as well as updated with the most current information using network tokens. A new vault should also be easy to implement within the existing Cartpanda payments stack.

Solution

VGS offered an expedited implementation timeline, dedicated support, and the ability to quickly accept migrated cards on file via API from the previous vault provider into the VGS Vault. VGS Network Tokens were added for payment processing in place of card numbers (PANs) to boost payment performance and reduce user friction.

Result

Cartpanda completed migration to the VGS Vault within two weeks and continues to enhance its payment performance by using VGS Network Tokens.
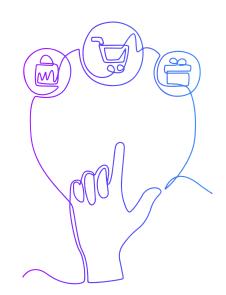
Background

Cartpanda originally had their payment data stored in a vault with their PSP before making the decision to move to a third-party vault provider for more data independence and pricing leverage. However, after servicing and support issues with their first vault provider, they needed to seek an alternate universal vault provider. Google Search and research with fellow Y Combinator alums brought them to VGS. Seeing that VGS was frequently cited as the most popular option with a reputation for being easy to implement, Cartpanda decided to reach out.

Additionally, Cartpanda had been exploring network tokens to increase payment performance. VGS is one of the only global vendors with direct network integrations, enabling VGS Network Tokens to reduce latency and improve pricing and accuracy. As a single provider for both the payments vault and network tokens, VGS became more compelling.

Challenge

Cartpanda had a clear vision in moving to a universal vault - to increase retention and offer a smoother experience to recurring customers. Their customers typically renewed every 3-4 months, and when they did, Cartpanda wanted to provide them with a one-click checkout flow.

However, they wanted to avoid taking on the PCI compliance burden of storing the cards, making tokenizing the card information essential. Cartpanda also valued the ease of implementation and wanted to minimize changes to their codebase for integration. This combination of needs resulted in a focus on a PCI-compliant independent token vault that could be easily added to their existing technology stack.

Solution

Cartpanda selected VGS because it met all its key requirements: trustworthy and reliable for a high-growth business, PCI-compliant, low integration effort, and high flexibility. Cartpanda is a rapidly growing business with high transaction volumes and has substantial card data. They wanted to ensure that their sensitive data would be secure and PCI-compliant with absolute certainty.

> "Being able to trust the company we were getting into business with, and that was trusted by all the respected companies we spoke to, was very important to us."
>
> **Lucas Castellani,** CEO atCartpanda

Next, with so many merchants relying on the Cartpanda platform's reliability to keep their businesses running, picking an established and trustworthy partner in the market was vital. When they asked around, peers and other companies they admired all used VGS.

The decision was made when VGS could flex to suit their needs as a company rather than a standard setup. Like other companies, Cartpanda's developers too were predominantly engaged on building the business, so VGS' low requirements for developer resources was attractive. Cartpanda leadership was pleasantly surprised to realize that VGS required minimal development to integrate their vault. Cartpanda had a previous experience where more development was needed and cards were migrated, resulting in an investment of both time and effort. Their investment was nullified when the vendor didn't work out after, and the code needed to be removed from Cartpanda's system. In comparison, VGS was more flexible to work with.
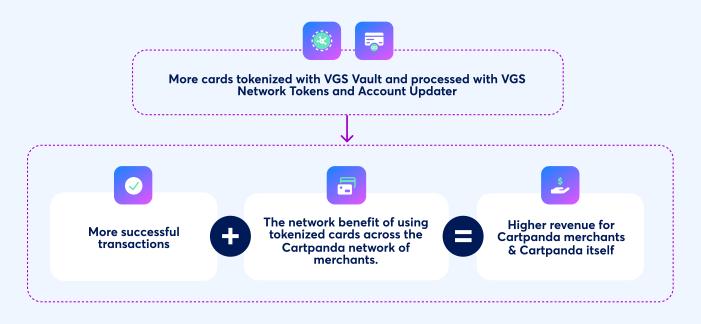
General Summary

5% increase in GMV with VGS Vault

"VGS has already paid for itself. It's a powerful way for us to get more customers." - **Lucas Castellani,** CEO atCartpanda

Cartpanda's eCommerce merchants are seeing 4-5% increase in GMV/revenue, with more transactions going through successfully due to processor optionality. More successful transactions has become a powerful reason for even more merchants to sign up with Cartpanda.

In the long term, as Cartpanda adds Account Updater in addition to Network Tokens and continues to grow globally, it plans to offer one-click checkout to all its new merchants. If a user has bought from the eCommerce store of one of its customers and later purchases from the online storefront of another Cartpanda customer, the user can benefit from a one-click checkout at both merchants. Using the VGS token vault to facilitate one-click checkout with secure and tokenized data results in higher conversion for both merchants and continues to increase Cartpanda's revenue.

More cards tokenized with VGS Vault and processed with VGS Network Tokens and Account Updater

More successful transactions + **The network benefit of using tokenized cards across the Cartpanda network of merchants.** = **Higher revenue for Cartpanda merchants & Cartpanda itself**

Results

Cartpanda had initially reached out to VGS to enable 1-click checkout for their returning customers. In order to ease the flow of their customer-initiated transactions (CIT), Cartpanda wanted to prepopulate card information and remove the friction of asking customers to type in their 3-digit CVV to confirm the transaction. They could achieve this with network tokens that used a cryptogram in place of CVV. With network tokens having higher authorization rates than regular PANs with the networks, Cartpanda transactions sent with cryptograms were less likely to fail. This would avoid customers from needing to re-enter the CVV and increase authorization rates.

> We wanted to offer one-click checkout and knew it would work better with network tokens for processing across multiple providers and keeping card information up-to-date for users.
> **Lucas Castellani,** CEO at Cartpanda

> This (setting up the vault) would have been much harder by ourselves. VGS made the onboarding quite easy.
> **Lucas Castellani,** CEO at Cartpanda

VGS could also manage to a timeline that Cartpanda set and provided 1:1 support live and on a dedicated Slack channel. Cartpanda received a staging and testing environment where they could see the card numbers being successfully tokenized, ensuring those tokens could be used for processing in test stores and then moving those into production with real live stores.

The testing and support eased vault migration and the new addition of network tokens, while earning high marks from Cartpanda developers for the service level and infrastructure quality. Cartpanda also called out the VGS Proxy solution. It enabled Cartpanda to have the entire code within their systems and avoid migrating it. They could just use the VGS Proxy to tokenize the card. This was a marked contrast from other providers where Cartpanda was asked to code the API call to their side. Cartpanda had API calls with many acquirers set up in their systems already, and integration would have taken a lot longer if those calls had to be set up again with VGS.

> With VGS, we could keep the code base with us, and just use the VGS Proxy for tokenizing the card. It could have taken weeks and months to set up everything again.
> **Lucas Castellani,** CEO at Cartpanda

> Customers can get their purchases completed, our merchants can sell more, and processors get more business. Everyone wins.
> **Lucas Castellani,** CEO at Cartpanda

With a VGS Vault, Cartpanda could set up a fallback acquiring setup. So if the first acquirer processor didn't accept a transaction, Cartpanda had options. With VGS facilitating secure data ownership through its token vault, Cartpanda could try the transaction with the backup processor to drive more successful transactions.