

cohorts has, on average, exceeded 110% year-over-year. We have continued to grow beyond our recurring payments and POS business by adding new sellers that accept payments and by cross-selling and up-selling additional services. Our scale, growth, and unique understanding of our sellers' businesses enable us to serve sellers of all sizes in many ways and reinforce the advantages of our business model.

## **Our Growth Strategy**

We have significant opportunity ahead. Our growth strategy is to enhance our products and services, extend our reach, and expand globally.

### **Enhance Our Products and Services**

- *Innovate to provide sellers with access to new payment methods.* We will continue to introduce new payment products and services, such as Square Cash and Square Readers for newer technologies, for the benefit of new and existing sellers. In the United States, beginning in October 2015, we believe many sellers will convert to EMV and NFC terminals due to the fraud liability shift imposed by the payment card networks. We believe this represents a significant opportunity to add new sellers and gain market share. In 2013, we introduced Square Cash, a payment solution designed to be the fastest, easiest way to pay anyone. Square Cash has expanded beyond free peer-to-peer money transfers to also give sellers an easy and affordable way to get paid.
- *Increase product and service functionality.* We are focused on improving our products and services so that they are applicable to a wide range of sellers and buyers. For example, our recently introduced open tickets feature in Square Register provides critical functionality to bars and full-service restaurants.
- *Grow our third-party App Marketplace.* Our App Marketplace enables us to offer our sellers integration with a wide range of products and services from companies such as Intuit and Bigcommerce. We intend to continue to expand the benefits of our services by strategically partnering with third parties wherever we believe it will provide value to both their customers and ours.
- *Increase third-party funding for Square Capital.* A significant majority of funding for Square Capital currently comes from third parties who commit to purchase the future receivables related to Square Capital advances. We will continue to seek third-party funding for these advances so we can increase our capacity to scale the service and further mitigate our balance sheet risk.
- *Continue to add new products and services that extend our ecosystem.* We will continue to introduce new products and services that can make use of the unique insights we garner from the integration of payments and POS services.

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#### **Extend Our Reach**

- *Strengthen our brand.* We will continue to focus on customer experience and on delivering simple, cohesive services that appeal to our sellers and buyers. This focus has earned us a net promoter score of nearly 70, double the average score for banking providers. Our high net promoter score means our sellers recommend our services to others, strengthening our brand and helping to drive efficient customer acquisition.
- *Expand marketing channels.* We plan to expand our marketing efforts across new and existing channels, including online and mobile marketing, retail distribution of our hardware products, television and radio advertising, direct response mail, and event marketing.
- *Increase adoption of services within our ecosystem.* We will continue to use our persistent communication channels such as in-app notifications and dashboard alerts to highlight to sellers the value of our payments and POS services, financial services, and marketing services. We intend to use these and other channels to cross-sell and up-sell our seller base with new and existing services.
- *Enhance relationships with larger sellers.* We will continue to invest in our direct sales and account management teams to facilitate the acquisition and support of larger sellers. We use custom pricing to make Square even more compelling for larger businesses.