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Gift Card Management Unlocked

A Balanced Look at In-House vs Outsourced Solutions for Growth

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A Balanced Look at In-House vs Outsourced Solutions for Growth

Introduction

As the global gift card market is forecasted to reach \$510 billion* by 2025, it's clear that gift cards remain a highly popular choice for consumers. However, the complexity of managing gift card programs has significantly increased. Businesses are faced with a critical choice: continue managing their programs in house or explore the benefits of outsourcing. This guide provides a balanced look at the pros and cons of both approaches, helping businesses decide which solution is best for growth and efficiency.

About the Author



Shawn Howard

Shawn Howard serves as Director of Business Development and Product at epay, where he spearheads product development and growth strategies for incentive marketing solutions, including Conductor. His expertise extends across global business development, digital distribution, and partnerships.

About Conductor

Conductor is tailored for businesses seeking a hassle-free solution to offer gift cards to customers without the cost or burden of building and managing their own proprietary platform. With one seamless integration, access a globally connected, robust, and resilient infrastructure, positioning your brand ahead of competitors and maximizing revenue growth.

*Sabanoglu, T. (2024, February 22). *Gift cards market value worldwide from 2017 to 2025* Statista.
<https://www.statista.com/statistics/1004280/gift-cards-market-value-worldwide/>

Foreword from the Author

Gift card programs have become an indispensable tool for businesses looking to enhance customer loyalty, boost sales, and increase brand visibility. As someone who has been involved in the gift card industry for over 10 years and in the consumer space my entire career, I've had the privilege of seeing firsthand how impactful a well-managed gift card program can be. However, I've also witnessed how challenging it can be for businesses to manage these programs effectively, especially when they attempt to do it internally without the right resources and expertise.

At epay, we've made it our mission to help businesses of all sizes unlock the full potential of their gift card programs through the use of epay's cutting-edge technology. Outsourcing these programs doesn't just remove the operational burden—it also opens new possibilities for growth, customization, and scalability that would be difficult to achieve with an in-house application.

There's no one-size-fits-all solution when it comes to managing a gift card program. The decision to run it internally or outsource depends on your company's size, resources, strategic priorities, and long-term growth plans. Both options come with distinct advantages and challenges, so it's essential to carefully evaluate what will provide the best return on investment for your business.

While managing a gift card program internally can offer certain advantages, the growing complexity of today's digital landscape, from fraud prevention to multi-channel integration and increasing regulations, often makes outsourcing the more attractive and efficient option. By partnering with experts, businesses can focus on their core operations while ensuring their gift card program runs smoothly, securely, and efficiently.

This guide explores the pros and cons of managing a gift card program in-house versus outsourcing, to help companies make informed decisions that align with their goals and resources. Whether you're just getting started with a gift card program or looking to optimize an existing one, understanding each approach's trade-offs and potential benefits is key to maximizing the program's success.

I hope this insight will provide clarity and confidence as you evaluate your options and take the next steps in implementing or enhancing your gift card offering.

Security Threats

Managing a gift card program, whether in-house or outsourced, brings substantial security challenges. With the rise of digital transactions, gift card fraud has become more sophisticated. Businesses must be vigilant to protect themselves against hacking, phishing, and other fraudulent activities.

In-House Pros	Full control over security protocols and custom solutions tailored to specific business needs.
In-House Cons	Requires significant investment in cybersecurity measures and ongoing maintenance, which can be costly and resource intensive.
Outsourced Pros	Access to advanced, continuously updated fraud detection systems and security protocols managed by industry experts.
Outsourced Cons	Potential loss of control over the specifics of security measures. Dependent on the provider's vigilance and expertise.

Solution Highlights

Encryption and Tokenization: Regardless of approach, encrypting gift card data and using tokenization ensures sensitive data is protected.

Fraud Detection Systems: Outsourcing typically provides advanced machine-learning-based fraud detection systems that smaller in-house teams may struggle to implement.

Regulatory Compliance

The regulatory landscape for gift card programs is becoming increasingly complex, with laws such as GDPR in Europe and CCPA in the United States enforcing stringent requirements on managing consumer data.

In-House Pros	Complete control over compliance processes and policies, allowing customization to meet specific regulatory needs.
In-House Cons	Staying compliant requires deep legal expertise and continuous updates to reflect changing regulations, which can be overwhelming.
Outsourced Pros	Providers typically have dedicated legal teams to ensure compliance, significantly reducing the burden on the business.
Outsourced Cons	Relies on the service provider's diligence in staying up to date with legal requirements, which could pose a risk if not managed properly.

Solution Highlights

Comprehensive Compliance Frameworks: A strong framework is necessary for both in-house and outsourced solutions. Outsourcing simplifies this by providing ready-made frameworks.

Technological Integration

Seamless integration with payment processors, e-commerce platforms, and point-of-sale (POS) systems is critical for any gift card program's success.

In-House Pros	Greater flexibility to customize integrations based on specific business needs and preferences.
In-House Cons	Significant resources and expertise are required to build and maintain these integrations.
Outsourced Pros	Ready-made solutions that integrate seamlessly across platforms, managed by technology experts, saving time and effort.
Outsourced Cons	Customization may be limited, depending on the vendor's capabilities and flexibility.

Solution Highlights

APIs and Middleware: Both approaches benefit from modern APIs that simplify integration. However, outsourcing generally offers more pre-built solutions.

Customer Expectations

Consumers today expect a flawless experience when using gift cards, from purchasing to redemption and customer service.

In-House Pros	Full control over the customer experience, enabling highly customized user journeys.
In-House Cons	Meeting high customer expectations requires significant investment in UX/UI design, technology, and support infrastructure.
Outsourced Pros	Outsourcing typically provides proven user-friendly solutions that ensure a smooth customer experience with less overhead.
Outsourced Cons	May not offer as much customization or control over the user experience as in-house solutions.

Solution Highlights

Omnichannel Support: Whether in-house or outsourced, businesses must ensure consistent experiences across all channels—online, mobile, and in-store.

Cost Management

Managing the costs associated with gift card programs can be challenging, particularly with the need for fraud prevention, compliance, and infrastructure maintenance.

In-House Pros	Potential for cost savings in the long run if the company can efficiently manage production, distribution, and technology.
In-House Cons	High upfront costs for technology infrastructure, ongoing maintenance, and fraud prevention.
Outsourced Pros	Outsourcing reduces upfront investments and provides predictable, scalable costs with lower operational burdens.
Outsourced Cons	Ongoing fees for outsourced services could add up over time, particularly as the program scales.

Solution Highlights

Dynamic Pricing Models & Financial Controls: Outsourcing often includes robust financial management tools that simplify revenue optimization and compliance with financial regulations.

Data Analytics

Leveraging data effectively is crucial to understanding consumer behavior and optimizing gift card programs.

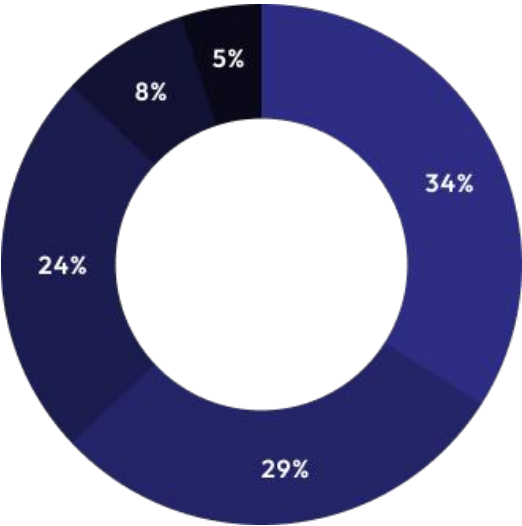
In-House Pros	Greater control over data collection, allowing for highly customized analytics and insights.
In-House Cons	Requires skilled data analysts and robust infrastructure to manage and interpret data effectively.
Outsourced Pros	Access to advanced analytics tools and expert insights without building an internal team.
Outsourced Cons	Data security and privacy could become a concern if the outsourced provider mishandles sensitive information.

Solution Highlights

Advanced Analytics Tools: Outsourcing typically provides powerful analytics capabilities that may be beyond the reach of smaller in-house teams.

Statistics

The appeal of gift cards is global and continues to grow year on year.



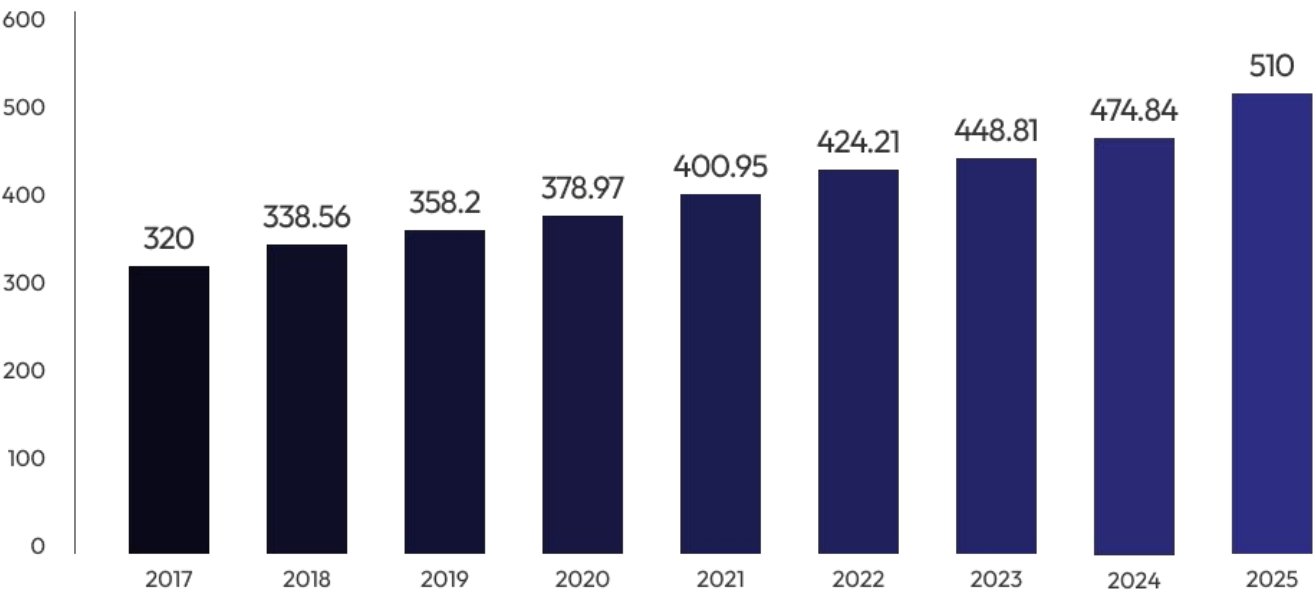
Gift card market share by region, 2023 (%)

- North America
- Europe
- Asia Pacific
- Latin America
- Middle East & Africa

Source: www.precedenceresearch.com/gift-cards-market

Gift card market value worldwide from 2017 to 2025

In billion U.S. dollars



Source: www.statista.com/statistics/1004280/gift-cards-market-value-worldwide/

Conclusion

In-house and outsourced gift card management solutions each offer unique advantages and challenges. The right choice depends on your business's specific needs, resources, and long-term goals. By thoroughly evaluating both options, businesses can ensure they maximize growth, streamline operations, and meet evolving customer expectations. Whichever path you choose, the key to success lies in continuous improvement, robust security measures, and data-driven decision making to unlock the full potential of your gift card program.



Introducing Conductor

Simplify, secure, and accelerate your gift card business

Conductor is a fully hosted SaaS platform to launch and manage digital and physical gift cards.

Conductor removes the burden of creating and maintaining your own gift card system. No need to secure internal resources, technical development, operations, and processes to manage assets continually. Avoid managing PIN codes via spreadsheets or tackling multiple products (SKUs) manually with risk of error. With one integration, Conductor provides access to multiple global distribution networks and retailers.

Key Benefits



Create, update, and organize gift card assets and manage distribution to retailers.



Create PINs on-demand, track, and streamline the return process.



Access technical connections to over 1 million points of sale worldwide via ePay and other major distributors.



Leverage real-time data across all regions, currencies, products, retailers.



ePay acts as the card issuer, handling all legal, invoicing, and settlement for you.



Add different users - internal to external - to administer your gift card program.



Testimonials

We're proud to help businesses reach their goals through smart solutions and industry-leading service. Check out what our partners have to say about working with us.



Cindy De Guzman, Global Business Operations

Sony Interactive Entertainment has successfully leveraged epay's PIN code management and distribution expertise to build a solution providing third party distributors and retailers access to a wide range of Sony PlayStation products. Our relationship and epay's solution spans global markets providing a simple, secure, and reliable platform coupled with flexibility and functionality for expansion.



Carsten Schmitz, Market Communication Director

With a total of almost 3 million transactions since the launch of our standardized gift card solution from epay, we've replaced the many paper-based gift card formats in the five-country group. We thus offer our clients a very practical service, and our retailers benefit from the simple processing. The gift card is an important tool for achieving a uniform brand identity.

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See it in action

Experience first hand the full power of Conductor.

[Book a demo](#)

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