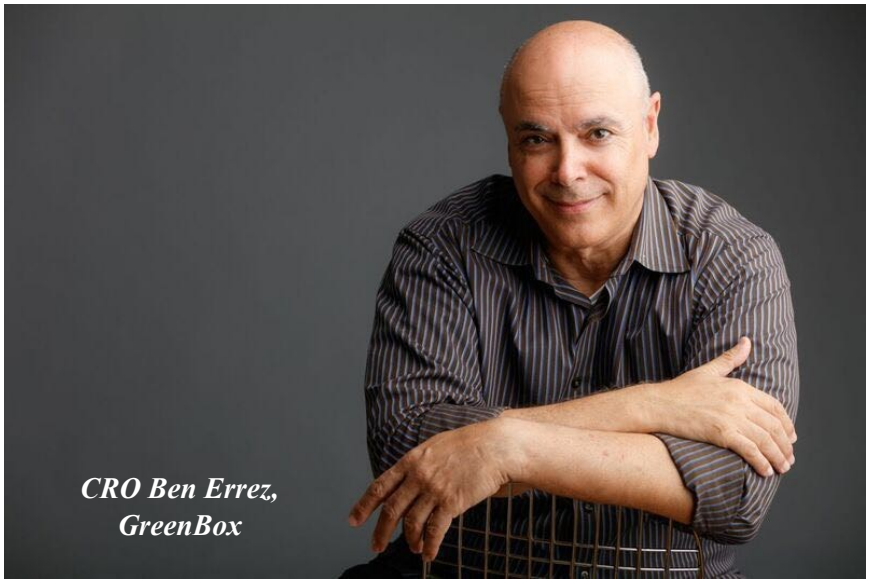
COVID-19 Presents Business Opportunities "Not Previously Visible"

As coronavirus suffocates the global economy, new business and consumer trends are emerging. At the intersection are cashless payment and processing systems.


CRO Ben Errez, GreenBox

Many businesses in consumer-facing industries—restaurants, breweries and coffee shops—have stopped accepting cash altogether. The cashless society in the U.S. has been trending in that direction but the long-term implications and consequences of the COVID-19 pandemic are speeding up the adoption.

The long-term implications -- and consequences -- of COVID-19 are speeding up the U.S. cashless society, which was already trending.

Some startups, like digital payment processor GreenBox POS, are "in position to benefit from the ongoing shift" whenever normalcy returns to everyday life -- and the commercial sector.

"COVID-19 has presented a few new opportunities that were not visible before it," says Chairman Ben Errez of San Diego-based GreenBox, which trades under GRBX on the Over-the-Counter exchange, develops point-of-sale software and hardware; delivery and payment applications; and merchant services, such as deposit and electric wallet management.

Most notably, the infrastructure of checks and balances needed to support business operations, real-time payments and other transactions remotely and securely. "We're seeing a lot more activity along those lines," says Errez, who spent 14 years in software development and management roles at Microsoft before going into consultancy work.

GreenBox's software is based on blockchain ledger technology, the decentralized digital platform used to record transactions. Blocks in the chain are essentially digital pieces of information that verify and store a transaction through third-party authentication, or a vast network of computers.

The technology is considered extraordinarily secure in processing transactions because a

single, definitive account of events doesn't exist, making it extremely difficult to manipulate or edit.

"Once we create the ledger, it can never be changed," Errez says. "That's the future."

GreenBox has raised $1.5 million in venture capital, with most of those proceeds funding product design, development and engineering. It employs 22 at its San Diego headquarters, and offshores software development and customer services to Brazil, the Philippines, India and Pakistan.

The company debuted its commercial payment service early last year. It processed more than $170 million through the September quarter, taking a fractional fee on each transaction. The company is scheduled to report fourth quarter and full year results later this month. "Our margins remain strong," Errez says.

Revenue generated from more than 100 verticals in 2019, according to recent filing, nears $17 million, a figure that's expected to grow substantially this year, with processing volume forecasted to potentially balloon to over $1 billion. Errez projects healthy profits for 2020, "despite COVID-19."

The 2019 year-end filing brought GreenBox back into regulatory compliance and allow it to seek more funding and/or acquisitions. It is looking to raise between $25 million to $50 million to purchase books of business from legacy payment processors and add processing services and capabilities.

As people transition out of legacy systems and look for blockchain opportunities, Errez hopes to get "first dibs on portfolios and bring it in-house."

GreenBox has also had some initial discussions with representatives at the Toronto Stock Exchange and will consider opportunities related to a dual listing option to boost its capital position.

A few significant macro trends are expanding opportunities for the company.
In 2018, the volume of noncash payments, which included debit and credit cards, checks, and automated clearing house, or ACH payments, topped 174.2 billion, up 21% from 2015, according to The 2019 Federal Reserve Payments Study released in late December. The value of those payments topped $97 trillion, up nearly 12% in that period. Further, the number of ACH transfers in 2018 (16.6 billion) outpaced check payments (14.5 billion) for the first time.

Another key development is materializing on Capitol Hill, partly in response to the COVID-19 outbreak. Though it wasn't included in the recently passed stimulus package, Sen. Sherrod Brown, ranking member of the Senate Banking Committee, and Maxine Waters, chairwoman of the House Financial Services Committee, introduced legislation requiring the Federal Reserve to create digital dollars and accounts to help disperse the $1,200 stimulus checks to consumers who lack traditional bank accounts.

That system would require digital optimization, bank-to-bank communication, and account-to-account communication, which lead to blockchain technology as a natural and key component, according to Errez. "We definitely see the demand for blockchain ledgering to be in staggering volumes. I see the opportunity canvas extend into the trillions, and GreenBox looks to put some brush strokes of its own on it." — By Chris Casacchia, California Business Journal.

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