

A Company Analysis of the PayPal Inc.

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PayPal is an American company that has its headquarters in San Jose. The Bloomberg editorial has listed the company as one of the companies' whose stocks are worth observing for the year 2018. Indeed, the company has witnessed admirable growth in the recent past. However, a close analysis of its performance is important so as to verify the sustainability of these results. PayPal was founded in 1998 as a digital payment platform. After 4 years of operations, it issued an initial public offer in 2002 and later that year, it became a subsidiary of e-bay which listed it as the primary transaction platform. The popularity of e-bay with online shoppers gave PayPal a significant boost around the globe. In 2015, the ownership of the company shifted again from a wholly-owned e-ay subsidiary to an independent company. However, it remained the primary mode of payment for e-bay. On February 7, 2018, e-bay announced that it would not renew its agreement with PayPal in 2020. This resulted in a plummeting in PayPal stock prices. However, analysts argue that while eBay's stand is a big deal for the company, it is not necessarily a game changer.

Currently, the price of the PayPal stock is above 72 dollars (McClay, 2018). This company has recorded the positive growth in the recent past after the February crash following eBay's decision (McClay, 2018). This shows that the company has the capacity to be resilient despite a shifting business environment. The company has recently joined other digital money platforms in signing patents with Bitcoin. This is in line with the rising consumption of cryptocurrency as a mode of business transactions. The company states that it aims to enhance the user-friendliness of the cryptocurrency transactions. Statistics show that more and more people prefer to purchase things online. By 2016, 79% of the American shoppers bought their phones online as opposed to 20% in the year 2000 (Perez, 2017). This shows that there will be an increasing demand for digital payments PayPal is, therefore, a company whose business model is worth investigation.

## Learning Points

It is expected that an analysis of this company will help the learner in understanding how to create relevant products for the modern market. PayPal was created to cater for the growing demand for digital payments options. Besides the rising trends, PayPal was able to correctly predict the sustainability of these trends. Businesses fail when they wrongly predict short-term trends for sustainable business opportunities. Understanding how the business model of PayPal was conceived and implemented can help to build sustainable businesses (McIntyre, Harvey & Moeller, 2012).

This analysis will also equip the learner with the necessary information on how to modify a business model to ensure sustainability. PayPal began as an independent company in a period where online shopping was taking shape. Shortly afterward, it formed a partnership with e-bay which would guarantee a maximal level of enrollments. Currently, the company has remolded itself as an independent company. This coincides with the expansion of the online shopping model to involve more stakeholders. Independence from e-bay frees e-bay makes it easier for PayPal to form free relationships with other online shopping and other payments companies.

Each stage of the company's model has therefore served to benefit the company's growth trajectory. This is an essential technique in business management. Each startup goes through a metamorphosis of growth stages. 80% of startups in the United States collapse within their initial stages (Wagner, 2013). This most significant reason for the high level of failure is the incapacity to meet the company's financial obligation or misleading market trends. These are both techniques that could be easily harnessed from studying the PayPal history and business model.

For this paper, the author will analyze a company. PayPal is an already existent company that has been operating for the last 20 years. Having tapped into a spouting market trend, the company has been able to withstand competition for other rising models. It has also withstood various changes without losing its clientele. An analysis of the company will reveal the techniques that have been put in place to ensure that the product offered remains competitive. It will show the competitive advantage of PayPal over other online payment models. One of the best ways of understanding how to navigate through establishing a business and sustaining it is reviewing other successful businesses (de Sousa, Pellissier & Monteiro, 2012). Through the review of its history, it is possible to build on its strength and change its weaknesses. On the other hand, it is essential for a business analyst to understand how to analyze a company's prospectors. Even without the establishment of a startup, the ability to analyze businesses gives investors an opportunity to invest in the most promising enterprise. After the 7<sup>th</sup> February PayPal stock crash, many investors were wondering whether it was an opportunity to buy its shares or a time to sell (Cardenal, 2018). Proper analysis skills would ensure that one is able to make the proper choice. This is why the author of this paper chooses an analysis of a successful company. To gain the necessary skills to analyze market trends.

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