

# Compass Mining Case Study

November 2022



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# Overview

## HIGHLIGHTS

- Compass Mining provides a turnkey platform to buy, operate, and host mining hardware without the associated requirements of on-site logistics and facilities.
- As a crypto-first company, Compass Mining was searching for a payments provider who similarly shared in its mission of increasing participation in the crypto-economy.
- Compass Mining partnered with Coinbase Commerce and Primer to offer a simplified crypto-payment experience for their users, while delivering a seamless interface and toolkit to manage reporting and custody.

## The Challenge

With consumers looking for more ways to pay using crypto in general, Compass Mining wanted to provide that option to their customers. Just as Compass Mining sought to simplify the process of participating in crypto mining, so too did they seek to simplify their customers' purchasing journey at the checkout.

From sophisticated enterprise clients to first-time retail users setting up their first mining rig, it was important for Compass Mining to provide a crypto payment solution that could serve their wide customer base.

The decision to accept crypto for payments raised significant questions around what it would mean for their security, compliance, and reporting functions. Compass Mining required a provider that could address these issues and easily integrate with their systems to support their full scale of payments.

# The Solution

Compass mining focused on three major requirements in their choice of solution: fast settlement, a crypto-forward user experience, and easy integration with their workflow.

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## 1. Speed of settlement

Compass Mining wanted to provide a flexible offering to its global customer base, going beyond accepting BTC and ETH for crypto payment options. However, it would be difficult to manage exposure across multiple cryptocurrencies in receivables, given the constant fluctuation in prices.

Coinbase was able to set up a 24/7 automatic feature that would immediately convert crypto payments into fiat currency on Coinbase Exchange at the time of receipt. Customers of Compass Mining could now pay using a range of crypto assets with Coinbase Commerce auto-liquidating the incoming payments to cash for Compass Mining's operations.

In addition to near-instant settlement with the auto-conversion feature, Compass Mining also gained access to a KYC-verified customer base of nearly 100 million Coinbase retail account holders by enabling Pay with Coinbase. With the "Pay with Coinbase" feature, funds are settled immediately and off-chain. Without any assembly required, Compass Mining now has the payment rails to an ecosystem of customers ready to pay directly.

## 2. User experience

A smooth customer experience in making crypto payments was central to Compass Mining's requirements for a partner. Their fiat payment acceptance via conventional rails such as ACH and credit cards were already familiar and integrated across customers' online ecosystem. Therefore, Compass Mining found it crucial to be able to build and own a crypto-native experience that reflected their principles of simplicity and ease.

After a period of research, Compass Mining decided to implement Coinbase Commerce through Primer. This gave Compass Mining the ability to connect and manage their existing fiat payments via Primer's unified payment infrastructure, and easily add Coinbase Commerce as a new payment method to Primer's Universal Checkout, with zero code needed.

When customers pay with crypto using the Coinbase Commerce and Primer integration, they are briefly redirected to a crypto-only checkout experience which supports crypto payments from all crypto wallets and exchanges, including the Coinbase app and Coinbase Wallet.

Once Compass Mining had integrated Primer into their e-commerce platform, they could then add Coinbase Commerce to their checkout page in just a few clicks. Through Primer's Automation platform, Compass Mining were then able to easily create their own payments workflows, allowing them to provide the best checkout experience to all of their customers worldwide.

On the backend, Compass Mining enjoyed a simple setup with APIs and direct integration with existing e-commerce platforms. In addition to the standard customer checkout workflows provided, Compass Mining can create their own workflows and experiences with turnkey APIs, allowing them to customize each stage of the checkout journey.

### **3. Workflow integration**

With Compass Mining being a crypto-native company, they sought to partner with a crypto payments processor who could streamline their day-to-day management workflows. Crucial to this was the ability to stay on top of their accounting and invoicing requirements.

With Coinbase Commerce, Compass Mining were able to track reporting of their sales and customers, alongside custom invoicing for customers checking out. Billing functionalities within the Coinbase Commerce dashboard also simplified transaction workflow in their e-commerce platforms.

With the Commerce platform housing all information related to payments, fees, and conversion status, the Compass Mining team was able to develop business reports with transaction reporting tools for accounting and reconciliation. These capabilities meant more efficient processes and simplified management of tax and compliance requirements.

# The Outcome

The partnership with Coinbase Commerce and Primer was successful in building an experience that reflected Compass Mining as a company. Compass Mining can now accept fiat payments alongside crypto to give customers a choice in the payment methods they want to use.

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Since the integration, Compass Mining were able to benefit from:

- Lower decline rates and chargeback risks compared to traditional payment methods
- Auto conversion of crypto to fiat, with same-day deposit into the Compass Mining's Coinbase account
- A 96.4% successful settlement rate in the last three months<sup>1</sup>
- A 6.6% compounded monthly growth rate in the number of transactions since inception of the Coinbase Commerce platform<sup>2</sup>

"We love the simplicity of quickly adding new connections like Coinbase Commerce and other payment providers within the Primer platform. We believe that this implementation will be instrumental in helping us reach our goal of growing globally and helping more people learn, explore, and mine Bitcoin."



—Jameson Nunney, Chief Strategy Officer at Compass Mining

<sup>1</sup> For period July-September 2022

<sup>2</sup> As of September 2022

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