

## Improving the Customer Experience

An Interview with Efi Dafan, Regional Director of Sub-Saharan Africa and Israel, PayPal; Ron Gura, Director, Head of Innovation Center, eBay Inc.; Elad Goldenberg, Head of Business Development, eBay Israel; Matan Parnes, Senior Director, General Manager, Head of Global Risk Sciences, PayPal Israel; Yuval Matalon, General Manager eBay Israel, eBay Inc.; and Guy Schory, Head of Corporate New Ventures, eBay Inc.



Efi Dafan



Ron Gura



Elad Goldenberg



Matan Parnes



Yuval Matalon



Guy Schory

**EDITORS' NOTE** Prior to joining PayPal, Efi Dafan was a Co-Founder and CEO of BUY2. Before this, he was VP-Business Development at Aniboom, a VC-backed innovative start-up and the first global virtual studio for animation. Previously, Dafan served as General Manager of the Content division at Converse. He has a B.A. in finance and economics as well as an LL.B from IDC Herzliya.

Ron Gura co-founded The Gifts Project in November 2009 and served as CEO since its inception and until the eBay acquisition in September 2011. Gura was named among Israel's "40 under forty" top professionals by Globes in 2012 when he was 27 years old. He holds a B.A. in business administration from IDC Herzliya (he's a graduate of the Zell Entrepreneurship Program), where he was the Chairman of the IDC Entrepreneurship Club. Gura served in the Israeli Air Force as an officer in various command positions.

Elad Goldenberg has established eBay's brand in Israel and leads the Israeli Cross Border Trade business unit that collaborates with local e-commerce sites, leading retailers and brands, and innovative Israeli technology. Prior to this role, Goldenberg led the Content division of eBay Israel Development Center. He has vast experience in product development, and has worked as a product and project manager at m-Systems, SanDisk and modu Mobile, and other start-up companies. Goldenberg holds a B.A. in psychology, sociology, and anthropology from Bar-Ilan University, and is a lecturer at the Department of Management at Ben Gurion University and the Department of Industrial Engineering and Management at Shenkar College of Engineering and Design.

Matan Parnes' role includes leading the Global Risk Sciences R&D organization. Prior to

this position, he led the Global Analytics group. Before joining PayPal in late 2010, he spent six years with McKinsey & Company. Previously, he worked three years as a software developer and project manager for two Israeli start-ups. Prior to this, Parnes spent six years in the Special Air Force Commando Unit, serving as a Team Commander Officer, and reaching the rank of Major. He obtained his M.B.A. from INSEAD business school in France and Singapore in 2006 and a B.A. in computer science and business administration *summa cum laude* from The Interdisciplinary Centre in Israel.

Yuval Matalon has been the General Manager of eBay IL since February of 2011. Before this, he was the Head of Catalog Operations for eBay. Prior to working at eBay, Matalon spent nine years at Retalix holding various managerial positions. His last role was as VP of Operations for StoreNext, a subsidiary of Retalix dealing with BI solutions for retailers and suppliers. During his career at Retalix, he spent seven years in Plano, Texas, with the company's U.S. headquarters, and was the EVP of Professional Services for North America. Matalon has a BSC of Information Systems from the Technion.

Previously, Guy Schory served as the Head of Product for RedLaser, a leading barcode-scanning mobile application acquired by eBay in June 2010. Prior to RedLaser, he held a managerial position in eBay's Corporate Strategy group. Schory started his eBay career in 2006, when he joined the company's Internet Marketing group. He is an inventor of six filed patents related to e-commerce and mobile, and a two-time winner of eBay's global innovation competition. Schory holds a B.A. in international relations with an economics focus from Stanford University.

**Efi, will you offer an overview of PayPal's business in Israel?**

*Daban:* PayPal's merchant services business unit is based in Tel Aviv and is responsible for all business activities in Israel and Sub-Saharan Africa (54 countries). The team is primarily focused on introducing PayPal's products and offerings to Israeli and African merchants, promoting PayPal's brand and services to the region's consumers and collaborating with strategic partners. Today, PayPal is the leading payment method for online shoppers in Israel and is widely used by most of the leading merchants. PayPal's penetration in major African countries such as South Africa and Kenya also demonstrates fast growth, adopted by both sellers and buyers that frequently perform cross-border transactions.

**What is the strength of PayPal's partnerships with large merchants?**

*Daban:* PayPal brings great value to Israeli merchants. Being a small country with a limited local market, PayPal enables merchants to break the physical boundaries, and offer their goods and services to PayPal's 143 million active accounts around the world. In addition, PayPal plays an active role in assisting the merchants with improving online conversion rates.

**Would you discuss the introduction of new technologies?**

*Daban:* Israeli consumers are typically early adopters – Israel is considered one of the preferred markets for rolling out new technologies. Our current focus is to promote mobile products and innovative services, and to widely introduce PayPal's new developments in the mobile commerce space.

Additionally, Israel is one of the leading markets in terms of technological innovations and PayPal benefits from its strong connections with Israeli start-ups and new technologies.

### **Ron, will you describe eBay's Innovation Center in Israel?**

*Gura:* The Israel Innovation Center (IIC) is a self-contained, off-platform team based in Tel Aviv, Israel. The unit includes all team members from The Gifts Project, an eBay acquisition in September 2011.

The IIC is part of the newly formed Innovation and New Ventures group, created to act as the center of innovation, which includes creating new businesses, and supporting the eBay Marketplaces businesses and eBay Inc. at a corporate level.

### **What are the key areas of focus for the Innovation Center?**

*Gura:* The group creates technology, experiences, and businesses that focus on leveraging eBay's existing businesses with retail partners in a rapidly changing omni-channel commerce world. Today's consumers are rapidly adopting multiscreen commerce be it mobile, tablet, or PC – literally every or any surface with an Internet connection. The IIC aspires to define and create the future of commerce in this new multiscreen world.

### **Elad, will you provide a history of cross-border trade in Israel?**

*Goldenberg:* Israelis love to shop – and were among some of eBay's first customers back in 1997 as the marketplace gained global awareness. Shortly after that, a small group of Israeli entrepreneurs realized the potential eBay offered – a global marketplace with millions of customers around the world. Today, we believe there are thousands of Israelis making their living selling on eBay to 128 million active users.

The eBay Cross-Border Trade team in Israel partners with sellers of all sizes to help them build retail exports out of Israel.

### **What are the keys to growth for the e-commerce ecosystem? Will you provide a description of the Israeli Cross-Border Trade business unit?**

*Goldenberg:* Israel has traditionally faced a few challenges that have resulted in relatively slow e-commerce growth such as logistics, infrastructure, customs, cultural related trust issues for purchasing online, and customer service.

Today, these barriers are breaking down, and consumers and retailers are rapidly embracing e-commerce. For Israeli retailers, the opportunity to build a global sales channel online makes sense, especially when the domestic market is small. Israel has a lot of world-famous, unique brands and products in verticals such as fashion, health & beauty, and electronics that global consumers are keen to buy. The Israeli Cross Border Trade business unit brings together local retailers with developers and partners to provide them with cutting-edge technology and solutions that help Israeli sellers successfully build global sales on eBay.

### **Matan, will you provide an overview of the PayPal Global Risk Sciences R&D organization?**

*Parnes:* The Global Risk Sciences (GRS) organization has 120 people, spread across four locations (TLV, SHG, SJ, and Austin), and TLV is the largest site with 70 people in the R&D group and 30 more in teams developing targeted buyer and seller solutions.

The organization has two analytical groups: one focuses on all analytics related to model development (research, design, algorithm development, automation, auditing, etc.) and the other on all non-model related analytics – building advanced tools and components, research fraud trends and fraudsters/good-person's behaviors, and developing patent based technology to identify suspicious activity in real-time.

In both analytical groups, we have small LAB teams that are focused on continuously pushing the envelope and bringing the most advanced technological development to our Risk organization

We have one main Technology and Development group, which takes the analytical development and turns it into real-time or near real-time solutions, scores, and tools.

I manage the GRS organization.

### **Will you touch upon the strength of the workforce?**

*Parnes:* We have a 60/40 split between analysts and developers across the group. In Israel, around 50 to 60 percent of the team undertook their national service in elite intelligence units, such as Unit 8200. We also look for people with a range of disciplines and backgrounds when we recruit. A strong team of individuals is helpful in improving behavior-based analytics, with each person bringing to the table his own unique line of thought. Once onboard, new team members undergo two to three months of intensive training.

### **What are some key priorities for the business?**

*Parnes:* Ultimately, this is about improving the customer experience for both buyers and merchants. Today, PayPal is an industry leader in fraud prevention, which is a key reason why we have grown to 143 million active registered accounts around the world. How we do that is very technical, but if you boil it down, it is about constantly improving the accuracy of decision-making and streamlining of processes so we can quickly stop people trying to do bad things and make sure they have zero impact on the millions of people who use PayPal to pay and be paid. It is our employees that drive this, which is why maintaining top talent and creating fulfilling career opportunities for our people is a huge focus for me.

### **Yuval, will you provide an overview of eBay's R&D Center in Netanya, Israel?**

*Matalon:* eBay's R&D Center in Netanya focuses on building structured data for the eBay global marketplaces sites. eBay has over 500 million listings published across its global marketplaces at any given time. Ensuring customers can easily sort through this huge number of products and quickly find what they want requires lightning fast processing of a massive amount of data using advanced algorithms and crowd verification. The center first started building data sorting capability when it commenced operations in 1998 as part of Shopping.com, which was acquired by eBay in 2005.

### **How would you describe the different solutions available?**

*Matalon:* Today, the engineers at the R&D center specialize in machine learning, Big Data solutions, and advanced research around text and image clustering. In addition, the center has advanced analytics capabilities using processing solutions such as Hadoop and top class BI (business intelligence) tools, and also builds mobile solutions on iOS and Android platforms. This improves the buyer experience through better product matching and item classification when customers shop on eBay. The team also develops solutions that help eBay's seller partners, such as miscategorization detection and image tools.

These efforts ultimately take much of the classification work out of the hands of eBay sellers by automating backend operations and technology to organize products and make them easy to find for buyers.

### **Guy, will you touch upon the significance of eBay's culture of innovation?**

*Schory:* Innovation has been a driving force in eBay's positioning as the global commerce leader. To foster a culture of innovation, we've taken a multipronged approach. We've been rigorously customer-focused, and we have created a culture where our employees walk in the customers' shoes and put them in the center of everything we do. We've also created a truly global innovation strategy whereby key innovation comes from global Centers of Excellence in countries like Israel, India, China, and Singapore.

In addition, we have placed a major emphasis on creating an environment where entrepreneurial employees within the company are empowered to come up with innovative ideas and turn their visions into reality. One example of this is eBay "SkunkWorks" and PayPal's "Lab Rats," which are global internal innovation competitions where hundreds of employees from around the world compete, and the winners are given resources and support to implement their products live on our site. I participated in this competition earlier in my eBay career on two separate occasions, and both times the products I built became real life products that reached millions of customers.

Finally, eBay Inc. recognizes the importance of the innovation happening outside the company, and has made it our mission to find, partner with, and enable innovators who share our passion and mission. We've created a global platform that enables external innovators to reach their vision bigger and faster through our Developer platforms. One example is our acquisition of a company called Magento, which is an open-source e-commerce platform – we now have thousands of developers around the world building commerce innovations on top of it. In addition, I've recently partnered with the PayPal Developer Relations team on PayPal BattleHack, a global series of Hackathons in 10 major cities in 2013 that brought together developers to build cutting-edge mobile applications that have a positive social impact. This was wildly successful, including in Tel Aviv, where over 200 developers participated and created over 26 new applications. ●