



Give restaurants the whole system for little or nothing up front, then earn on every swipe: Toast (NYSE: TOST) sells an all-in-one restaurant platform — POS, hardware, online ordering, payroll, marketing and more — for a per-location subscription (\$0 Starter Kit or \$69/month Point of Sale), but 82% of FY2025 revenue (\$5.04B of \$6.15B) is payments. Hardware is sold below cost (FY25 hardware revenue \$180M vs \$400M cost, INFERENCE), and the real prize is locations: ~180,000 by mid-2026 (+22%) processing \$195.1B in FY25 and \$60.7B in Q2 2026 (+22%). Software attach and AI lift recurring gross profit (FY25 \$1.89B, +33%) while operating income swung from \$16M to \$292M and Q2 2026 ARR reached \$2.4B (+25%).

BUSINESS MODEL CANVAS

Toast

Research date: Oct 9, 2026

Evidence-backed · sources in companion brief

KEY PARTNERS

- Card networks, acquiring processors and banks behind every transaction (FACT).
- Bank partner originates Toast Capital loans; Toast must buy some charged-off loans, capped at 15% of a quarter's originations (FACT, 10-K).
- Third-party hardware manufacturers, some single-sourced (FACT, 10-K).
- 200+ integration partners across payroll, inventory, accounting, loyalty, ordering (FACT).
- **Brand partners** — BWH Hotels endorsement; TGI Fridays UK rollout (FACT, Q2 2026).

KEY ACTIVITIES

- Build and update the POS, kitchen, ordering, payroll and marketing software.
- Design, ship and support restaurant-grade hardware (FACT).
- Process payments and settle funds; underwrite and service Toast Capital loans (FACT).
- **Sell and onboard** — on-site, remote or self-guided; 24/7 support (FACT).
- **Add AI** — Toast IQ, Toast IQ Grow; test products in 'Toast Lab' with a Boston operator (FACT, Q2 2026).

KEY RESOURCES

- ~180,000 locations, record ~9,500 net adds in Q2 2026 (FACT).
- **~20% of U.S. restaurant locations on platform** — company estimate (FACT, 10-K).
- Proprietary Android-based software, EMV-certified hardware, PCI-compliant payments (FACT).
- ~6,500 employees at end of 2025 (FACT).
- \$1.7B cash and marketable securities at 30 Jun 2026 (FACT).

VALUE PROPOSITIONS

- POS, handhelds, kiosks, kitchen display, online ordering, payroll, marketing, retail (FACT).
- \$0 Starter Kit or \$69/month Point of Sale entry points (FACT, Toast blog).
- Easy Pay lease and optional card surcharging to offset fees (FACT, 10-K).
- Commission-free first-party ordering and the Local by Toast app (FACT, 10-K).
- Toast IQ AI assistant that answers questions and takes actions in the system (FACT).

CUSTOMER RELATIONSHIPS

- 12–36 month subscription terms (FACT, 10-K).
- On-site, remote or self-guided onboarding (FACT).
- 24/7/365 chat and phone support (FACT).
- Growth team focused on expanding into the install base (FACT).
- Customer base is mostly SMBs, which churn more than enterprise (FACT, risk factor).

CHANNELS

- In-market field sales teams (acquisition + growth) (FACT, 10-K).
- High-volume digital marketing and demand generation (FACT).
- **Enterprise endorsements** — BWH Hotels; TGI Fridays UK (FACT, Q2 2026).
- Referrals and brand awareness as scale builds (FACT).
- Local by Toast consumer ordering app (FACT, 10-K).

CUSTOMER SEGMENTS

- **Independent restaurants and SMB groups** — the majority (FACT).
- Mid-market and enterprise chains, e.g. BWH Hotels, TGI Fridays (FACT).
- **Food and beverage retail** — c-stores, bottle shops, grocery (FACT).
- International pilots, starting with the UK (FACT, Q2 2026).
- Restaurant staff via payroll cards and Toast PayOut (FACT).

COST STRUCTURE

- Cost of revenue \$4,560M (74% of revenue) in FY25 (FACT + INFERENCE).
- Payments cost \$3,891M tied to GPV (FACT).
- Hardware and services cost \$400M vs \$180M revenue (FACT lines).
- Sales and marketing \$571M; G&A \$344M incl. bad debt (FACT).
- **Toast Capital** — buys charged-off loans up to 15% of quarterly originations; \$46M loans held at 30 Jun 2026 (FACT).

REVENUE STREAMS

- Subscription services \$936M FY25 (+33%); Q2 2026 \$290M (FACT).
- Financial technology solutions \$5,037M FY25 (+24%); Q2 2026 \$1,570M (FACT).
- Hardware and professional services \$180M FY25; Q2 2026 \$48M (FACT).
- **Pricing** — \$0 Starter Kit, \$69/month Point of Sale, custom Build Your Own (FACT, Toast).
- Published processing rates (e.g. 2.49% + 15¢ on the \$69 plan) are from third-party reviews, not Toast's own page (SECONDARY).

Sources: sec.gov/Archives/edgar · sec.gov/Archives/edgar · pos.toasttab.com/blog/on-the-line · sec.gov/Archives/edgar · costofstarting.com/best/toast-pricing
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