WiNG

The Juvo Identity

JULY 31, 2017 PETER WAGNER

Identity is the answer. What's the question?

That's the message we hear in today's tech economy. Identity is touted as a virtual skeleton key, the solution to all problems, ranging from cybersecurity to digital marketing. My usual instinct when presented with such sweeping claims is "shields up". But with identity, there is much justification for the hyperbole. Rich identity unlocks timeless factors like trust and relevance, fundamentals that bring ground truth to the digital world.

Meanwhile back in the physical world, almost 6 billion people live in "developing markets". Over one-third of the world's adult population makes little or no use of organized financial services. But the vast majority of them use mobile services, which now have a penetration rate of over 65% in the developing world. More than 80% of these developing-world subscribers use prepaid accounts, and generate about $350 billion in annual revenue for mobile operators. But these customers are almost entirely unknown quantities. They top up their accounts in small amounts, sometimes daily. They pay in cash at a myriad of resellers, often small corner stores. To the mobile operator, they are a phone number and an account balance. Beyond these few fields in the back office database, they remain a mystery.

Juvo was formed to pierce this veil. It's a big idea, and identity is the key. Juvo works closely with mobile operators to help keep their pre-paid customers online, extending credit in zero-balance situations which is subsequently repaid at the time of cash top-up. The financial benefit to the operator is enormous. Juvo's partners are experiencing a 15% increase in ARPU (average revenue per user), a 50% reduction in churn, and a 65% increase in customer lifetime value. Mobile is today a trillion-dollar industry, with about 35% of that revenue coming from pre-paid subscribers in the developing world. The potential for value creation on a top line of this scale is breathtaking.

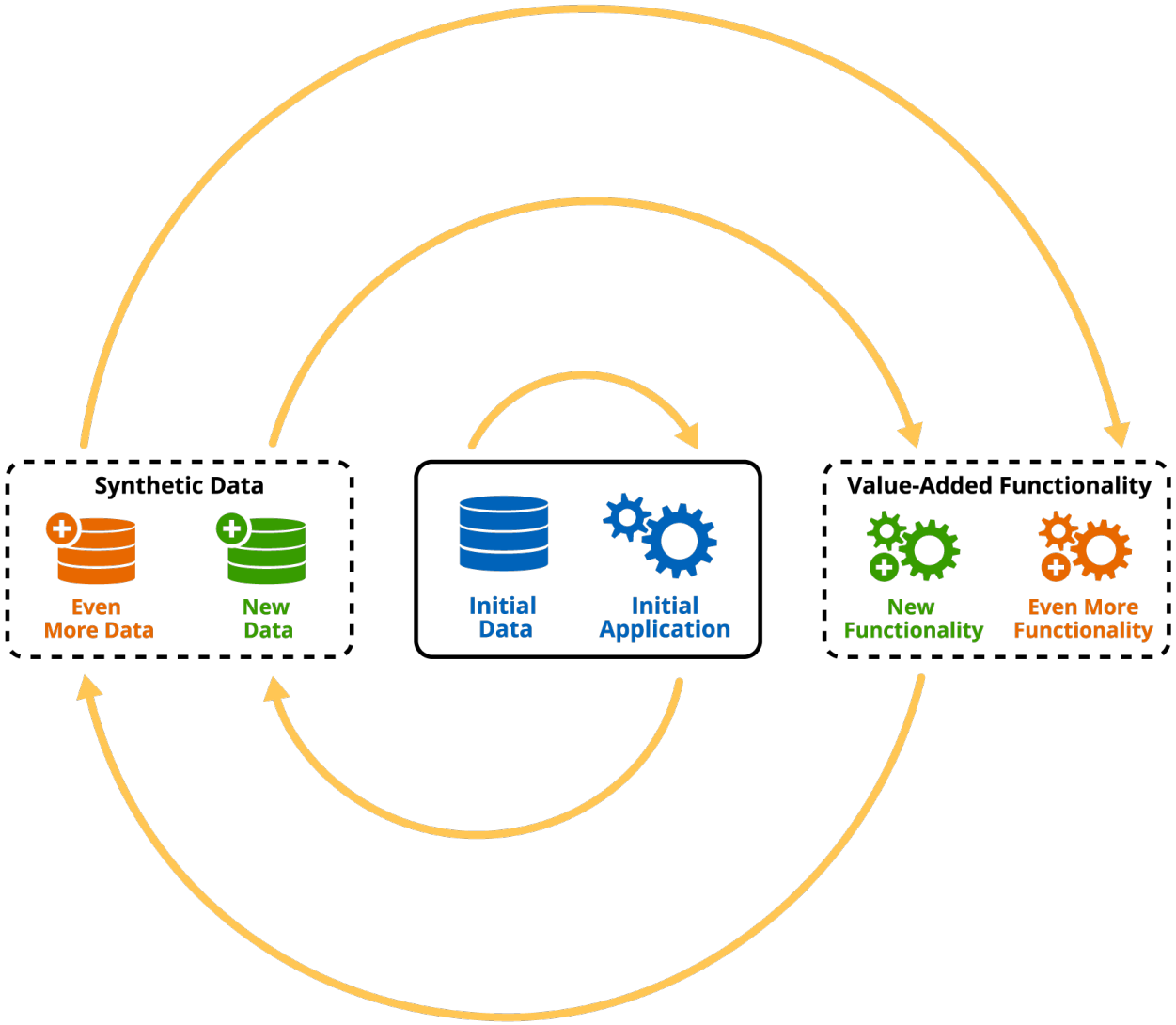
While the mobile operator realizes tremendous benefits, the biggest winners may be the subscribers themselves. They immediately have the opportunity to maintain their essential mobile service

through zero-balance periods. Additionally, as subscribers utilize and repay their Juvo-powered credits, a detailed transaction history is developed. This history is gathered and analyzed by Juvo's data scientists to build a rich financial identity for each individual. For the first time, these people have an objective mechanism to establish their creditworthiness, opening up a universe of financial services and opportunities that was previously inaccessible to them.

I started working with Juvo over 2 years ago, although my relationship with founder / CEO Steve Polsky spans 2 decades. Our initial investment in the company was made in its Series A financing in 2015. Today it's my pleasure to announce our co-leadership of Juvo's Series B, along with our good friends at NEA, and it's my honor to be joining the Board. When I first met the company, they were working with a single mobile operator in a handful of small countries in Central America. Now they are partnered with some of the largest mobile operators on the planet, with a collective reach of over 500 million subscribers. The finest minds in mobile are realizing that Juvo offers them perhaps their most powerful way to increase both revenue and retention.

Juvo's reach is impressive, but even more encouraging is its stunning consistency of results in a wide range of markets. Key adoption metrics are unfolding with tremendous repeatability, with newer user cohorts steadily outperforming their predecessors. Juvo is a data company at its core, and the usage data they are observing is compelling.

Juvo is also a brilliant example of a "Data-First" application, an observation I first shared last fall in this blog post (http://wing.vc/blog/juvo-an-authentically-mobile-data-first-application-for-mobile-finance) . The hallmark of a Data-First application is the "virtuous data cycle", in which the operation of the application generates valuable data – a "synthetic data set" – that then becomes the basis for additional value.



In Juvo's case, the new data is the subscriber's history of utilizing and repaying credits for mobile service. Juvo processes and enriches this transaction history to form a customer identity score, which becomes the basis for additional, potentially even higher value services.

Much of the world's population has been locked out of access to life-changing financial services, and the lack of financial identity is one of the key reasons. Drawing upon the ubiquity of mobile and the power of data, Juvo is poised to help open that lock and drive change on a massive scale.

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