

ATTUL SEHGAL

Co-Founder and CEO, Red Zebra



Entrepreneur Attul Sehgal co-founded Red Zebra Analytics in 2011 with a view to creating a banking loyalty product to drive spend by giving customers cashback and restore confidence in the banking system. Here, he talks to *Finance Monthly* about the challenges and successes of the past four years

The Red Zebra offer, called '3D Offers' because consumers, merchants and retail banks benefit, is a system that allows merchants to place cash back offers in the digital banking environment, in a way that is highly sensitive to customer needs and compliant with restrictive data and privacy protection policies.

The cash-back offers are placed near to relevant transactions in customers' online bank statements, to ensure maximum impact and take-up. The 3D offers product is supported by a mobile app. The service can live as a white-label standalone service or be integrated into a digital banking portal. In addition, an engaging 'rewards hub' offers a secure page where customers can verify, manage and discover new cash-back offers.

"It is hassle free. Customers accept offers and then use their bank cards without having to print out or use any vouchers," said Attul Sehgal, Co-Founder and CEO, Red Zebra.

"Merchants can create offers specific to customer. As the offers are redeemed as cash-back on the bank statement no point of sale training is required for the merchant. Once the platform is installed in the bank it can be used for any bank product. Our operation shows that it is fast to implement and does not interfere with core banking," Mr. Sehgal explained.

Red Zebra has been well received by the banking industry, and recently launched Germany's first card-linked offers service with Wüstenrot Bank.

Credit and debit card holders, as well as premium customers at Wüstenrot Bank will be able to receive exclusive cash back offers when they purchase products or services from selected retailers and ecommerce websites.

"When customers log in to their online bank or credit card accounts, they are presented with various cash-back offers. If they see an offer they like, they can click to accept it. Later, when shopping, they simply pay with their bank's debit or credit card. Discounts are awarded in the form of cash payments once a month. Everything takes place automatically with no vouchers, no coupons and no hassle," said Mr. Sehgal.

The Wüstenrot Bank has signed a five-year contract with Red Zebra Analytics. The two companies started working together in June 2013 with the launch of a pilot project. The bank saw a 28% uptake on the cash-back service during the first trial year.

"Having a successful launch was a huge achievement for such a small company. Being able to deliver it in Germany with the strict regulations over there is a great testament to the spirit of the team over the last three years. It is now up to the bank to market the product effectively so that we can recoup on our investment. We trust the bank to

be effective in doing this. Red Zebra now needs to look at how it can best develop its solution further and be sustainable in such a slow moving market," said Mr. Sehgal.

Data security

Data security is of paramount importance to banks and financial institutions these days. Working with online and mobile banking applications, how does Red Zebra ensure customer information remains secure?

"Our solution sits within the bank firewall so data never leaves the bank. As the cashback is provided after the transaction takes place our system does not interfere with core banking architecture and so it is fast to implement. All clients must opt in. Once they opt in they can select the type of offers that they want. Red Zebra has no visibility of the customer details as the operation sits within the bank firewalls," Mr. Sehgal explained.

"We have nearly 60% of registered users now as active users on the system so it seems that the idea has worked for the German market. That gives the merchants a good platform to market offers. We provide merchants with segmentation and spend criteria for them to target offers," he added.

According to Mr. Sehgal, nearly 30% of the active customers have redeemed offers.

"We are seeing 'lifestyle' merchants as the most popular category. This is real segment data that the bank can use to promote new services and feed the big data story," he said.

Gap in the market

With 19 years of experience in launching disruptive propositions to market at the Royal Bank of Scotland (RBS) Group Plc, T-mobile International AG, O2 Plc and BT Plc, Mr. Sehgal knows what it takes to deliver the next big thing.

"I was in RBS for two years and as an entrepreneur I saw a gap in the European market helping banks restore customer trust in their products after the crash. I believed that creating a loyalty product to drive spend by giving customers cash-back would help restore confidence. Despite the huge undertaking to set up the company and the high barrier to entry, there were very few players providing a solution that it seemed the right opportunity to pursue," said Mr. Sehgal.

"RBS helped me understand selling to a bank and also the culture of innovation in the bank. I was responsible for the Digital Strategy in the retail bank and so I was heavily exposed to the key digital disruptors in the market. Otherwise, I found the experience gained from my earlier roles in mobile, management consultancy and especially experience from my earlier start-ups were more important."

Creative edge

An entrepreneur, rather than a financier, at heart, Mr. Sehgal also created the first generation of fantasy sports on mobile.

"Early on, I launched a fantasy football game on the mobile. That was created during the first wave

About Red Zebra Analytics

Red Zebra, headquartered in London, was set up in 2011. It has developed a new type of loyalty platform that allows banks to connect to brands people love, increase spend on credit and debit cards through special discounts and source revenue through these relationships. Our modular system allows banks to design, target and redeem offers in a secure environment in a way that is highly sensitive to customer needs and compliant with restrictive data and privacy protection policies.

of the internet many years ago direct to consumers. There was a sense element in providing a football game for mobiles. That was really exciting as we did not need to think about raising money. We were successful based on the revenues we received. When the industry changed it was the right time to pull out to explore other areas," he said.

"On the real creative side I have explored film and optioned a film script to a Spanish film company a few years ago and drafted a children's book with a leading illustrator. It is very fulfilling to be engaged and successful in such different areas."

So how does he combine his entrepreneurial spirit with managing Red Zebra?

"The day to day operation is a challenge and that is why having an effective executive team is so important. I have learnt that finding the right people is not as easy but so important, especially in a company like Red Zebra at Series A where we need a mix of effective doers and delegators. Getting the right balance is vitally important," he remarked.

"In a start-up everyone needs to be hands on and rely on each other to make the right decisions. I believe very much in empowering young people; I have no time for titles or internal politics and only reward people who execute."

Milestones

In just five years Red Zebra has gone from a start-up to raising \$2 million (€1.85 million) with its Series A funding. Mr. Sehgal recaps on the biggest challenges and successes to date: "Developing an idea, convincing a sceptical German customer and being the first to pilot in Europe, and raising \$2 million (€1.85 million) funding were the milestones over the last three years. But, the biggest success is seeing real customer adoption today, active customer engagement and their delight in using the service.

What more can we expect from Red Zebra moving forward?

"Red Zebra is known for driving loyalty and engagement to German bank customers. Refining our loyalty and analytics capabilities in the future will play a major role. On the other side we need to monetise more rapidly and the long sales decision cycles in the bank do take their toll on a small company. We will need to partner effectively to do this as we are too small to attack the market on our own," Mr. Sehgal concluded.

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