



PODCAST TRANSCRIPTION SESSION NO. 183 / ADAM ROSEMAN

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Peter Renton: Today on the show, I'm delighted to welcome Adam Roseman, he is the CEO and Co-Founder of Steady. Now Steady is an interesting company, they're a different type of fintech company, they are going after a niche that is really unoccupied right now and that is, going after those people who have two or three jobs and helping them maximize their income.

They do this in some very sophisticated ways which we get into in some depth. We also talk about the demographic that they're serving, how the sort of shifts in society are really driving demand for what they do. We talk about the engagements that Steady's had, so far, we talk about the interesting relationship they have with a certain famous basketball player and we talk about the different ideas and the vision that Adam has for the future of Steady. It was a fascinating interview, I hope you enjoy the show.

Peter: Welcome to the podcast, Adam.

Adam Roseman: Thank you very much, Peter, appreciate the opportunity to be here.

Peter: Okay, my pleasure. So I'd like to get this thing started by giving the listeners a little bit of context, a little bit of background about yourself. Why don't you tell us what you did before you started Steady.

Adam: Sure, I started my career as a M&A banker, specifically focused on the technology and consumer sectors, ended up parlaying that experience into starting a business with my current partner, Michael Loeb, that focused on supporting job growth in emerging economies so specifically double bottom line business around investing in local entrepreneurs in developing markets. Did that for eight or nine years and was excited to then jump into the Internet business with Michael Loeb.



Peter: Okay, so then Steady is a pretty unique business, we'll get to the details in a second, but what was the idea that led to the founding of Steady?

Adam: Yeah, so it actually goes back quite a bit. You know, I grew up in a single parent home with my Mom and my younger sister. My Mom, very hard working individual, was a teacher, always struggling to make ends meet and take care of my sister and I, finding ways to make extra income, going back 30 years now. You know, you fast forward to a couple of years ago just ahead of the founding of Steady and my father, who I did not grow up with, retired and did not have sufficient retirement income.

He'd been a restaurant manager his whole life, no college education and ended up working in retail and wasn't finding sufficient hours to work in retail and ended up putting together effectively an income portfolio that consisted of multiple jobs in order to complete an entire income picture for him. You know, I started getting into this particular dynamic of what my father was experiencing and looking at financial help for low to moderate income Americans and then digging into work force data and became very fascinated with this sort of "underemployment" dynamic that was happening, specifically, if you look at all recessions dating back to 1991, every recession has led to very significant permanent job loss in that.

It's published by Alan Krueger from Harvard that 94% of new job growth in the US from 2001 to 2015 consisted of non-permanent, temporary, part-time works and so we have a dynamic now as technology continues to progress that workers, specifically those that are low income, not high on the pay scale, aren't necessarily unskilled, but whose skills are not valued high economically, are in a position now where with the advancement of technology and business is able to match labor supply with demand.

They're significantly disadvantaged and so the sort of direction of work going forward into this sort of broadly defined future of work involved a situation where people are working more than one job so much so that in 2016, published statistics from the National Bureau of Economic Research showed that 43% of Americans in the workforce already had more than one source of income. This is quickly becoming the new normal and not the exception, so I was very fascinated with that concept.

Peter: Right, and then why don't we segue now into explaining exactly what Steady does.

Adam: Yeah, Steady's belief is that the most important financial decision an individual can make is how they invest their time in the way that they work. Today, specifically, if you are not a highly skilled individual who has this particular type of job in mind that aligns with those skills that's going to pay you well, it's very difficult to figure out what is going to be the best fit for you, especially if you're having to work multiple jobs.

So Steady's business model is built around specifically helping individuals that are low to moderate pay scale, figure out what are the right income opportunities for them today, predominantly in the contrast of skill and filling income gaps. As we carry forward, we focus on helping them broadly define their income portfolio so once they fill those gaps and stabilize



themselves, figuring out how then are they going to move up the income ladder, again, in a scenario where they have multiple part-time jobs in most instances.

So just to give you an example of this is part of the Steady solution is we have an Income Tracker that will heavily encourage individuals to tie-into which enables us to do a much better job of delivering and curating the right work opportunities for them because we can see their transactional data and see how they've been earning and build up the net worth of all the users on the platform looking at their various different interests, qualifications, geographies, etc. to understand sort of an income source so how is someone earning versus how they should be earning. The average individual on the Steady platform when they first sign up for our system we're able to see about 35% month-over-month income volatility for these individuals, so the number's are just staggering.

Peter: That's amazing. So I just want to touch on the Income Tracker because that's super interesting...how are you connecting to get the data for your Income Tracker?

Adam: Sure, so today we use, you know, the typical data aggregators, we're in the process of consistently evolving which ones we're using and multiple of them focusing on the income side of the equation, PFM tools sort of broadly speaking today predominantly focused on expenses and where can you save and how can you better allocate funds for cheaper solutions.

Our focus is entirely on the other side of the equation which is the income side of the equation so once they connect their accounts and we're working heavily to try to get a connection of not just traditional accounts that you'd be able to connect through data aggregators, but the types of accounts where people would be receiving funds such as peer-to-peer platforms as well. We're working on getting those integrated so that we can have the broadest sense of income possible, especially for workers who perhaps are 1099 in doing side jobs where not everything is necessarily flown into a single account.

Peter: Right, because you're going to have obviously their income, but there's also going to be things like gifts from some people, their might be a loan from a platform, there's often lots of things that are on that income side of their account. So are you pulling in all that data?

Adam: Yeah, so we pull on that data, but we do a couple of things. One is that our data team is focused on cleaning the transaction streams and getting better and better over time in identifying what is income and what is not. When we have a question, because we're never going to be 100% perfect, we always give the individual the details and they're able to go in and edit quickly, to wipe out to the extent that if they see any income event that doesn't belong or if they need to ask something, perhaps they've paid in cash and didn't deposit. They do have the ability to do that, but, obviously, at the same time we're trying to limit the number of required options by the user, so we'll get better and better over time.



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Peter: Right, right. Okay, so then you talk about the 43% of Americans that have a second job and I imagine there's a bunch more that would probably like a second job if they had an easy way to kind of do it. This 43%, is that your target market or who is your target market?

Adam: Yeah, I mean, that's the majority of our target market, but you're right, there are individuals that don't realize how....it was easily discoverable that they could pick up some extra funds, for example. You know, a huge audience of Americans today are perhaps generating enough income from their primary job to make ends meet, but who are not building up retirement savings.

So it was easy for them to figure out, okay, here's I can work three to four to five extra hours a week in the side job rather than watching a football game and start putting money and having it swept into a savings account to build my retirement. You know, there's a whole sub-set of that remaining 57% that we think is target, but of that 43%, very representative of America, with the exception of the gender breakdown, so the median study user today or worker is 39 years old, with about \$55,000 of household income and 58% of those individuals today on the platform are female.

Peter: Interesting, more women than men, huh.

Adam: That's right.

Peter: Why do think that is?

Adam: Yeah, I think there are a couple of reasons. One is that within a household environment oftentimes, according to studies, when the going gets tough oftentimes you'll find the woman being the one who is taking more initiative, especially during sort of extra time so that's the factor that's at play.....we also see a factor at play of women who perhaps left the workforce, at least on a full time contract, and now are looking to help earn some extra income. Perhaps they have a family and now they want either to step back into the market, or one job is not cutting it anymore, you know, within the household. So there's a couple of things at play, but I think those are the two primary ones, at least from what we've seen through our user discovery.

Peter: Right, right. Okay, I downloaded your app, I logged in and registered and everything. I'm looking at jobs from my local area and it's quite amazing. I didn't count them, but there's probably about 50 different jobs, everything from Airbnb to Upwork, you've got a whole bunch of.....tutoring, dog sitting, all kinds of different things. So how do you get these jobs into your app and what's sort of the process you go about vetting the different opportunities?

Adam: Yeah, so I think, Peter, we're in an interesting time here because you're viewing the app today. Within a week from now, in fact, less than that, because we've already submitted to the Apple Store, there's a very significant advancement happening within our app. We're going from direct relationships with about 130 work-from-home jobs to over 1.2 million new jobs that are being fed into the system that are part-time and shift work from a variety of different sources.



So we have direct relationships with a small percentage of the businesses that will now be in the app, but the majority of those are from partnerships with a variety of different trade organizations and other sources of jobs, some of which are sort of I think company confidential, they're not going to go into too much detail. Our goal is to have in the system, you know, every part-time shift jobs that exist today we would like to have in our system, given that we're not focused on monetizing it.

As we carry forward, we'll eventually get the full-time work as well for those folks who would qualify for and could get into a full-time job, but when we do that, we want to do it right. So, right now, again, in the concept to fill-in an income gap, if we want ensure that we have every part-time shift that's available online is being pinned through our platform. The important thing for us is to curate the right opportunity so in terms of everything from survey data which our surveys being significantly expanded to Click Data to the Income Tracker data.

All of that is being taken into consideration in terms of as we build the business going forward, in terms of curating those work opportunities so think of a Netflix-like algorithm where we're able to see, okay, Peter, you might be inlet's say you're in Kansas City, you're earning X dollars an hour; Nancy is also in Kansas City, she's earning Y dollars an hour, she has very similar skill set to you, very similar work history, similar availability, you know, here's what we're seeing that other people like Nancy are doing that you are not to earn more. As a result, here's the types of work that you should be looking at.

Peter: That's fascinating, that's fascinating. So I'm thinking about this, there's obviously been a demographic shift that's been talked about a lot over the last decade, shall we say, into more of the gig economy, people call it...like it seems like, I don't know if it's going to be permanent, but there's certainly people, like you say, that have two/three jobs and none of them are full-time, but it's sort of become their normal way of living. Do you feel like this is where we're moving to, like to the workforce of tomorrow may end up with people choosing a career of multiple part-time jobs.

Adam: Yeah, I think part of the problem today....let me start up by saying, I am not a supporter or a fan of the gig economy, okay. I would much rather have a world where everyone has a full-time W2 job, that single job is satisfying their financial requirements, providing a living wage and a series of benefits. The fact of the matter is unfortunately, we're in a new reality and that world is not coming back, at least not during the course of my work career, and so from our perspective, yes, we are living in a new world.

We are living in a world where the income gap is widening, where we're going through, right now, the longest period, as we all know, of economic expansion that any of us have seen and the strongest job market that any of us have seen, supposedly at least from an unemployment statistics perspective, and yet we're still acquiring users at almost nothing and at significant scale.



My fear is what is to come, right, when we all know that a contraction will come; we don't know when it will come, but it will come, and when it comes now after this extended period of expansion....you know, the progression of technology over the last decade since the last expansion has been tremendous, especially when you look at work force solutions, you look at automation.

And so despite the fact that 43% of Americans with more than one source of income today, I've no doubt that's going to be over a 50% number once we come out of the next recession, whenever that is. And so, yes, I think we're absolutely living in a new world and there's not many people, at least, who are reasonably well educated at the top, that would disagree with that.

Peter: Right, right, Okay, so I just want to be clear what you do. Obviously, you've got the job market, marketplace I guess you would call it, it's about to greatly expand. I should point out to the listeners, we're recording this in mid-December, this will not be published until January, but obviously, when people download in January it will look a little bit different. So you've got the job market, you've got the Income Tracker; how else are you engaging with your customers?

Adam: Yeah, so we have a content initiative that's being rolled out pretty broadly in terms consistent with our mission of delivering more income, so that may be suggestions to individuals on....for example, targeting five different groups of individuals on how they can potentially upscale, obtain additional qualifications to move up the income ladder, you know, ways to do better in job interviews, things that will hopefully help them climb the income ladder over time and get themselves to full employment and in the employment scenario, once they get in front of the employer on a job interview hopefully they do well.

So a variety of different contents, content that's also addressing various different pain points that these workers also have, so things like taxes when you're a 1099 worker, things like health insurance, things like other forms of financial services. You know, as we carry forward, we believe that there is going to be a significant play for us to improve the lives of our users when it comes to sustainable forms of credit.

For example, today if you are applying for a home loan with Fannie Mae or Freddie Mac, you have to provide W2 income during the verification process to qualify for a home loan. There's a bill that is being put in front of the Senate now focused on enabling them to lend to individuals who are using 1099 income for verification. Once that bill hopefully passes, you're still going to be faced with two challenges; the first is going to be actually verifying those multiple 1099 income sources, and the second is going to be the volatility component that I talked about earlier.

So to the extent that we're able to help smooth out volatility through the sort of core Steady solution combined with the data set that we have where we're aggregating those income sources, we believe that our data could be very helpful in terms of people that should be creditworthy and should be underwritable actually getting into forms of credit with this new Steady data.



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I'm sure you probably saw today the announcement with Experian's new data partnership around bank accounts and specifically looking at utility bill payments and other indicators for underwriting credit. So this whole new world of individuals based on the changing nature of work, you know, dramatically impacts as well today their ability to qualify for traditional financial services.

Peter: Right, right. Okay, so you said you're not making money from the jobs, what is your revenue model today and how is that going to evolve going forward?

Adam: Yeah, so our revenue model today intentionally is to be minimalist and the main reason for that is that we believe that the power of this platform to scale, the network effects again of this business are dramatic as we add in scale users and the data acquisition that we are deriving from each of these individuals is very unique in terms of the combination of work data and income data and transactional data.

Also, there are activities within the app and outside the app, and other forms of re-engagement and so for us, our folks, this is very much on for the foreseeable future doubling down on acquisition, doubling down on data acquisition and retention and re-engagement and getting to the point where we are able to clearly demonstrate to a user that we are helping to increase their income.

We have an OKR structure in place with our most important O, objective for 2019, being around helping to be able to clearly measure and deliver \$100 million of additional earnings in individual's bank accounts and utilizing our Income Trackers as score cards for that so to the extent that we are able to do that we believe that a variety, a multitude of revenue model opportunities will open up for us.

Peter: Right, okay. So I want to switch gears a bit and talk about basketball, (laughs) you know where I'm going with this. We met at Money 20/20 and Shaquille O'Neal, the basketball legend was there and I was able to shake his hand, thank you for the invitation. So Shaquille O'Neal is involved in your business, firstly, how is he involved and how did you meet Shaq and what's the story there?

Adam: Yeah, so in my prior life, there was a media component in the business, you know, in emerging markets, emerging Asian, in particular, and I had the ability to work with Shaquille on a number of different projects that he was doing in Asia so I had a good amount of interaction with him, got to be very friendly with his business partners. When I was starting Steady, they reached out to me just to catch up, understand why I was doing that since we had built up a relationship, you know, visited with them, shared the story of the business, they put Shaquille on Facetime.

In about three minutes into the conversation with Shaquille, he paused for a minute, he's like, you know, I get it. I grew up in a household where I had a single mother who was remarried and she had to find multiple sources of income so did my stepfather, in a variety of scenarios...you know, I needed a very big pair of jeans (Peter laughs), since I was 7 feet tall, they were



expensive and they had to get me custom clothing. I saw how hard it was and I saw their struggle and this was pre-Shaq, this was Shaquille days. So, he's still looking at family and friends, he sees the struggles that people are facing so I think very in touch with the reality of the world and he tries very hard to continue to be despite his financial success and celebrity.

At that point in time, I did not...I literally did not anticipate that he would have any involvement in this business and he asked me the question....Adam, can I be involved? What can I do and I don't want a dollar from you, I want to own a little bit of equity, I want to do a lot of work for you, but I don't want to take a dollar from you because I want every dollar that goes into this business to be invested on helping people and, hopefully, I can contribute to building awareness and building credibility with the users and, hopefully down the road, I have some success in doing that through my equity position in the company. So that was it.

Peter: So then how are you using Shaq today to get the word out, obviously, someone that hundreds of millions of people know pretty...certainly know his face and know of him, how are you using him?

Adam: So, Shaquille, as you probably know, he is a very likeable individual so he has a number of brand partnerships. We're the only one that has this contract today where he's not getting paid, it's an endorsement where he has a vested interest in the business and he's delivering services to grow the business because he believes the business can be worth something someday and he does make the equation. It's the first businesshe did that actually with Google and the second was Ring, so we got a pretty high bar (laughs) in his mind to achieve and that delivers positive added pressure to us to create a positive outcome.

So I think from Shaquille's perspective, he certainly brings credibility, especially early on in the business's development because, you know, a lot of low to moderate income individuals who interact via digital platforms are always looking for red flags, right, is this real, is there an ulterior motive? There absolutely is not, we are a very mission-driven organization, but having Shaquille there helps to lower that question factor a little bit because people don't believe, at least the majority of them, you always have naysayers, but at least the majority of them don't believe that Shaquille is going to risk his reputation on something that is shady per se. So it provides a little bit of that trust factor; it's hard to get early on in a business' s development till you build a brand.

The second component is it is helpful in the B2B community so, you know, Shaquille is a very fun-loving and outgoing individual who a lot of people want to meet so using him both in media, which we'll be doing a lot of, you know, starting next year.....in addition to a B2B environment, things like Money 20/20 that you mentioned are great.

I think hea big portion of what he's doing for us is to bring awareness to the problem so when we have him in front of the media talk about the challenges of Americans today, talk about how this is like something that appears in most Americans minds to just be kind of it is what it is, but this is, perhaps, one of the biggest economic challenges that the world has potentially ever faced.



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What we're going to see over the course of the next 20 years with automation and what that does to workforce transformation...so bringing awareness to that because we are so far behind in so many different ways.

And then, lastly, you know, I think events so having Shaquille at events, specifically user-oriented consumer events, this can create awareness and a PR lift where we'll be using him.

Sorry, Peter, I forgot the most important thing that I should have said first, what we view Shaquille for the most during the first sort of nine or ten months that he's been working with us is around sitting with the users. So we do focus group after focus group after focus group around the country sitting with individuals, sometimes one-on-one, sometimes in a room of four, six, eight people who are from all walks of life who are having income challenges, either they're temporary shocked income or some unexpected expense or people who are consistently struggling. Every now and then, we bring Shaquille and he'll show up in the room and help moderate.

We've done a number of those and when people first walk in the room, you know....when he first walked in the room, they're shocked, but there is not one session we've had him in thus far that he and someone else in the room are not in tears in a corner together, you know, around some topics that's been challenging by the end of that discussion. Typically, it's the single mother who is given the history of him and the fact that his mom was a teenage mother, so, yeah, that's the most important thing that we do is absolutely have him actually sit with users.

Peter: Right, right, got it. So then can you give us some idea of the traction you're getting today, I mean, how many people have signed up?

Adam: Yeah, so we feel good about where we're at. We only started our beta (in April this year 2018), our public launch in the beginning of August with our MVP and the traction has blown us away. You know, it's a positive from a business perspective, we've seen how much of a challenge there is for so many Americans today. In December, we're blowing past 400,000 app downloads, you know, we'll finish off this month with around 320,000-ish full registrations, we're seeing very active re-engagements, you know, high retention.

What we're seeing for most of these individuals on the platform is that, you know, job search when you have an income, challenge job search is perpetual and when you have an income portfolio it's not like for a lot of us that, you know, we might need to search or think about what's next for every one, two, five years. For them, it's constant because there is never enough and they're never satisfied. In the Income Tracker, there are those that are using the Income Tracker, their usage of the app is much, much higher.

So we have a number of even more kinds of features all tied to income that we're rolling out in the new year, continuing to enhance and improve the curation technology with a lot of major curation technology milestones that are going to happen in Q1 and Q2. We're up to 40 plus team members today and most of that in dev and product and we're feeling really good about the path that we're on. You know, it's a long way to go, but in January, our first month, where we



have more than 100,000 downloads in a single month so, yeah, long way to go, but a better start than we could have hoped for.

Peter: Right, right, yeah, that sounds good. Okay, we're almost out of time, just a couple more questions, if I may. It seems to me that you really created a new niche here, you know, like this is something that....you see so many companies focusing on the expense side of the equation or the lending side of the equation; you're really focusing on the income side, so who do you see as your competitors?

Adam: Yeah, so I think you're right, we are sort of trodding down a new path so in terms of direct competition of people doing exactly what we're doing today, there's no one yet, at least that we're aware, there will be, but there's no one yet. In terms of those that we're fighting for eyeballs with, first off, where other people go to look for jobs today, they're going to Indeed, they're going to Monster, they're going to ZipRecruiter, they're going to Snagajob, some of them are using Google, but that process is a traditional search process so you have to know what you are looking for, you have to type something into a search bar, you have to hope that the 10,000 results that come up in front of you, that a few of those are going to fit, you're going to fill out a long application and hopefully get a call back.

But, you know, the business model of all of those companies that I just mentioned is client-sized, specifically on the corporate side of the equation so whoever is posting the job listing is the one that's paying and as a result they're going to optimize the experience for the business, not for the worker. So we believe that that process is fundamentally broken, but we absolutely compete with them for eyeballs around job seekers.

The other side of the equation is sort of around the financial tools, I mean, a little bit Mint, right, and other PFM tools that show income, but I also think that, you know, companies like those can be great collaborative partners for us because we have that particular focus on one specific element of the equation which is income which can lead to a lot of other things over time. So I would say today, we're sort of a hybrid and we're competing a little bit against those sides of the equation for eyeballs.

Peter: Okay, so last question, you've touched on some of these things already, but I'm curious about how you view your company in the long term. So what are some of the things....when you sort of talk to investors, you know, talk to other people, what do you say....where's Steady going to be in five or ten years time?

Adam: Yeah, what I'd say is this, if you are not a highly skilled worker that's doing one particular item over the course of your career...so if you're not a data scientist, if you're not a developer, if you're not a college professor, because I think even teachers....there's a ton of teachers on our platform, so if you're not in a highly paid, highly skilled work environment, Steady is the place that you go to earn and to....your primary source or path to go to earn and prop your income.

Hopefully, to get into the point as well, we're helping in some aspect in the financial services world, but to the extent that we are in a position where we have millions of users on our



platform, okay, and where we have all the transactional data, all of their work data so everything that would see in a CV, a ton of other micro interactions that are happening with the user. We're going to be in a position where we're going to be able to curate work opportunities night and day better than anyone else and there will be no reason for them to go anywhere else.

The other thing that happens once you get to that point is we do build a sense of community, right, so the way of the 20th century union, unfortunately or fortunately, whatever side of the equation you're on is going by the wayside, but in this sense you build a platform with a tremendous amount of data that you have and you have the ability to effect change that can help that element of the population. So a lot of initiatives around advocacy, other type of things that we can do that will become more and more powerful as our platform that are certainly on the horizon.

Peter: Right, well it's a fascinating idea and I certainly wish you all the best, Adam. Thanks for coming on the show.

Adam: Thank you so much, Peter, appreciate the opportunity.

Peter: My pleasure, see you.

Adam: Bye.

Peter: It's interesting to me because it really is a pretty simple idea, what Adam and the team are doing, but it's interesting that no one has focused on this community of people this way, and, clearly, they have some pretty significant needs. You know, it strikes me that we all have 168 hours in a week and how we spend that dictates kind of how much we are able to earn and what I love about what Steady is doing is that they give people ideas for maximizing their earnings.

Say you're willing to work a second job for ten hours a week, a lot of people don't give that much thought and might just say, oh, I'll just go and drive for Uber or Lyft or something and that will suffice, but what Steady is saying, let's think about that, let's try and maximize those ten hours to the utmost. You know, if they end up getting traction this is going to be a very interesting segment and I imagine there will be a lot of companies wanting to partner with Steady to get access to these kinds of people.

Anyway on that note, I will sign off. I very much appreciate your listening and I'll catch you next time. Bye.

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