

The FutureList

Xzerra

Innovation Memo

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Innovation In Words




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A note from the CEO of Xzerra, Arnold Akampulira


Xzerra is pioneering innovative, seamless, secure, and inclusive digital transactions.


Xzerra


Executive Summary


Fintech


Digital Financial Services


www.paywithxzerra.com


Undisclosed


2023

Xzerra, a Ugandan fintech startup, is innovating in mobile money transactions in Africa. Their platform utilizes biometrics for secure and convenient payments, aiming to disrupt the traditional reliance on cash. This approach has the potential to foster financial inclusion and economic growth across the continent. Xzerra's platform integrates with existing financial systems, with the goal of offering a smoother user experience. Security is a priority, with biometric authentication aiming to provide a reliable payment solution for both merchants and consumers.

Operating in the dynamic African fintech landscape presents challenges and opportunities. Xzerra faces complexities navigating diverse regulatory environments for mobile money services across different countries. However, the company has the opportunity to contribute to financial inclusion by bringing more people into the formal financial sector. Additionally, promoting cashless transactions through Xzerra's platform could contribute to environmental sustainability by reducing the need for physical currency.

By prioritizing security and navigating regulatory hurdles strategically, Xzerra is positioned to solidify its role in driving financial inclusion and a cashless economy across Africa. This approach offers the potential to reshape the financial landscape of the continent, offering a secure, convenient, and potentially more sustainable way to conduct mobile money transactions.



Solomon Talemwa
Co-Founder & Product Lead

Solomon is experienced in innovation and business development. He views himself as an explorer, consistently seeking out new discoveries and ideas, while also developing innovative strategies and solutions within the business.



Martin Afani
Co-Founder & CTO

Martin is a skilled software engineer with a passion and strong background in web and software development. During his Computer Science studies, he developed a face recognition program driven by his interest in Artificial Intelligence. This experience ignited Martin's enthusiasm for software development, leading him to work on various projects ranging from social media clones to basic CMSs.



Benjamin Namanya
Co-Founder & COO

Benjamin Namanya has software engineering and networking experience of over 4 years. He served as the IT manager at Voice Mall, overseeing the deployment of scalable applications for managing sensitive financial data across the mall and its subsidiary establishments, while also providing IT consulting services for private and government projects.



Andrew Ssemuddo
Co-Founder & Business Development Manager

Andrew Ssemuddo, the Business Development Manager has 3 years of business management. Previously, he served as the Chief Executive of Prince Warangi, an alcohol beverage company, overseeing day-to-day operations and strategic initiatives. He holds a certificate in business administration.

Innovation Spotlight

Tech Innovation

Core Functionality/Features

Xzerra operates on key fundamental mechanics and design principles highlighted below:

- **User-Centric Design:** Xzerra is designed with the end-user in mind, ensuring an intuitive and seamless experience for both merchants and consumers. This includes a user-friendly interface and a simple, streamlined process for transactions.
- **Shared Responsibility Revenue Model:** Xzerra's revenue model is based on shared responsibility, charging both merchants and consumers low transaction rates. This approach aims to encourage wider adoption of the platform.
- **Security and Privacy:** Xzerra prioritizes the security and privacy of its users. It employs robust security measures, including fingerprint authentication, to protect user data and transactions.
- **Integration with Existing Financial Systems:** Xzerra integrates with existing financial platforms, such as Flutterwave, to facilitate the seamless movement of money across different digital wallets.
- **Scalability:** Xzerra is designed to scale and adapt to increased demand or future advancements. This includes the ability to handle a growing number of transactions as the user base expands.
- **Sustainability:** By promoting cashless transactions, Xzerra contributes to environmental sustainability by reducing the need for printing and minting physical currency.

Design and User Experience

Xzerra is an intuitive, fast, and safe payment solution designed for both merchants and consumers. The custom-built payment terminal for merchants combines a touch screen and fingerprint scanner in a single, portable device, facilitating cashless transactions. On the consumer side, a mobile app, available for download from the Play Store, allows users to create a digital wallet, transfer money from any account to Xzerra, and make payments at any merchant point accepting Xzerra using their fingerprint.

Performance Metrics

Xzerra's key performance metrics are closely tied to user experience, and the company continues to focus on the following areas:

- **Payment Conversion Rate:** This metric measures the rate of successful transactions on the terminal/platform, providing insights into the efficiency of the payment process.
- **Uptime to Downtime Ratio:** This metric assesses the platform's reliability by comparing the duration the terminals are fully functional against any periods of unavailability due to network outages, third-party system crashes, or other unplanned events.
- **Stickiness Ratio:** This consumer-focused metric gauges the degree of user loyalty to the platform as a cashless payment option, helping Xzerra monitor the churn rate effectively.

Integration/Compatibility

Xzerra has successfully integrated the payment gateway APIs of Flutterwave, enabling a seamless transfer of funds across various digital wallets to the Xzerra digital wallet for consumers. This integration not only facilitates smooth transactions for consumers but also supports merchants. It allows them to transfer funds from sales transactions on the terminal to their respective accounts, thereby supporting offline purchases and trading activities. This dual functionality ensures a streamlined financial flow for both consumers and merchants.

Safety, Compliance, and Sustainability

Xzerra has taken proactive steps to ensure compliance with national regulations by submitting its policies, regulations, and technical product information to the National Information Technology Authority - Uganda (NITA-U) for review and approval. This is a prerequisite before proceeding to the Central Bank's FinTech regulatory Sandbox for licensing purposes. Each stage of this process requires stringent cybersecurity measures to ensure the safety and security of our platform.

As of 2023, Uganda spends approximately \$52 million annually on printing and minting currency. While significant strides have been made in promoting cashless transactions, primarily driven by mobile money platforms, consumer-to-merchant (C2B) payments remain relatively low. This is where Xzerra steps in, leveraging the high velocity of payments at the merchant level.

Xzerra firmly believes that in the next decade, there will be a substantial increase in cashless payments at merchant points. This shift will not only reduce the costs associated with printing and minting currency but also mitigate environmental impacts such as deforestation and CO2 emissions associated with the transportation and storage of physical currency.

Innovation in Business Model

Xzerra's revenue model is based on shared responsibility between merchants and consumers, charging both parties low transaction rates. This approach contrasts with current models by competitors that primarily charge only the merchants, leading to resistance to adopting new technology or payment methods and perpetuating a cash loop. Xzerra believes this model is unscalable and instead, Xzerra is betting on the millions of consumers who would pay for a more convenient, faster, and safer way to make payments. Even at scale, Xzerra estimates suggest that the company will still charge half of what current competitors do. Xzerra's differentiator is user experience. The company aims to simplify the transaction process, which currently takes 30 seconds to a minute using various PINs and codes, to a simple fingerprint scan at any merchant point, completing the payment within 3 seconds.

Scalability of the Innovation

Xzerra's technology, product, and solution can evolve and adapt to increased demand or future advancements in the following ways:

- **Integration with Other Platforms:** Xzerra has already managed to integrate with other financial platforms providing users with more options for transferring funds to and from their Xzerra digital wallets.
- **Data Analysis:** By analyzing key transaction data, Xzerra gains insights into user behaviour and market trends. These insights inform the development of new features or services that meet the changing needs of users.
- **User Experience Improvements:** Generated user feedback and advancements in UX design will guide the evolution of the product's user interface. Making the product easier to use will attract more users and increase transaction volume.

Market Impact & Future Outlook

According to the [GSMA State of Mobile Money report \(2023\)](#), over 45 billion transactions are processed annually on mobile money platforms across Africa, with East Africa accounting for 62% of these transactions. These transactions amount to a combined total of \$836 billion, which is more than a quarter of Africa's combined nominal GDP and larger than the economies of two of Africa's biggest countries combined.

Interestingly, less than 6% of these transactions are consumer-to-merchant payments. The overall transactions and their value are growing at a rate of over 20% year on year. This growth is compounded by the fact that more Africans are gaining access to mobile phones at an exponential rate, while access to formal banking and financial services remains limited. As a result, mobile money and other forms of payment platforms often serve as most Africans' first encounter with financial services.

Xzerra aims to be at the forefront of this transformation, shifting the cycle of mobile money transactions from merely depositing and withdrawing to facilitating easy, fast, and safe merchant payments. We envision our innovation having a significant influence on this landscape.

The Sub-Saharan and West Africa regions are of specific interest to Xzerra's expansion strategy, given that they are home to mobile money pioneers like Kenya, Ghana, and Nigeria. According to the GSMA State of Mobile Money report, these regions account for over 87% of the registered active mobile money users, 88% of all transactions, and 92% of the value of all those transactions in Africa. This significant market share underscores the potential for growth and the opportunity to revolutionize the mobile money landscape in these regions with our innovative solutions.

Societal & Environmental Impact

Xzerra's work has far-reaching implications for both society and the environment. By promoting cashless transactions, Xzerra contributes to societal health and well-being in several ways. Firstly, it enhances financial inclusion, especially for those who have limited access to traditional banking services. This can lead to improved economic conditions and quality of life for these individuals. By facilitating faster and safer transactions, Xzerra reduces the risks associated with carrying physical cash, contributing to the overall safety of society. From an environmental perspective, the shift towards cashless transactions reduces the need for printing and minting physical currency. This can lead to significant savings in resources used in the production and transportation of physical currency, contributing to sustainability. Moreover, by reducing the reliance on physical currency, Xzerra contributes to the decrease in deforestation (for paper money) and mining activities (for coins), leading to a lower carbon footprint.

Potential Roadblocks & Risks

- **Regulatory Compliance:** Navigating the complex regulatory landscape of mobile money services across different countries can be challenging.
 - Mitigation Strategy: Engage legal experts familiar with the regulations in each target country. Regularly review and update compliance procedures to align with changing regulations.
- **Cybersecurity Threats:** As a digital payment platform, Xzerra could be a target for cyber attacks.
 - Mitigation Strategy: Implement robust cybersecurity measures, conduct regular security audits, and provide cybersecurity training to staff.
- **Market Penetration:** Convincing consumers and merchants to adopt a new payment method can be difficult.
 - Mitigation Strategy: Develop targeted marketing campaigns to educate potential users about the benefits of Xzerra. Offer incentives for early adopters.
- **User Trust:** Building trust with users is crucial for a new financial service provider.
 - Mitigation Strategy: Be transparent about business practices and security measures. Promptly address any user concerns or issues.

Conclusion

Xzerra, with its innovative approach to mobile money transactions, holds significant potential in the fintech industry. Its user-centric design, shared responsibility revenue model, and focus on security make it a promising player in the market.

In the larger context, Xzerra contributes to financial inclusion and sustainability by promoting cashless transactions. Its growth aligns with global digitalization trends and positions the company for substantial influence in the fintech industry.

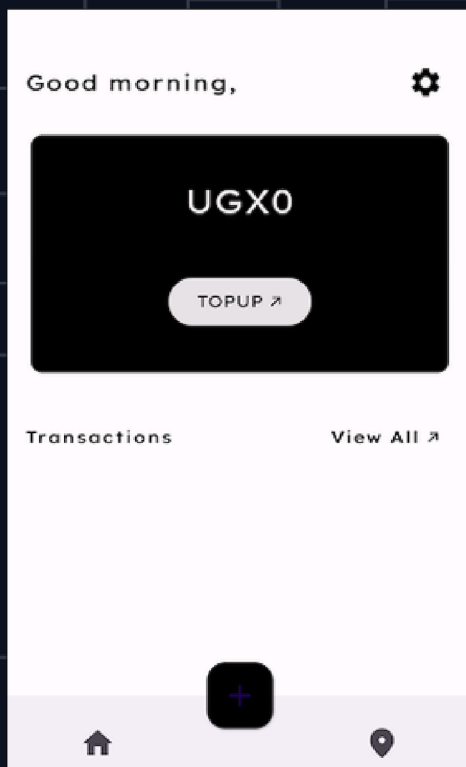
Innovation In View

How Xzerra brings innovation to life

An intuitive, fast & safe payment solution

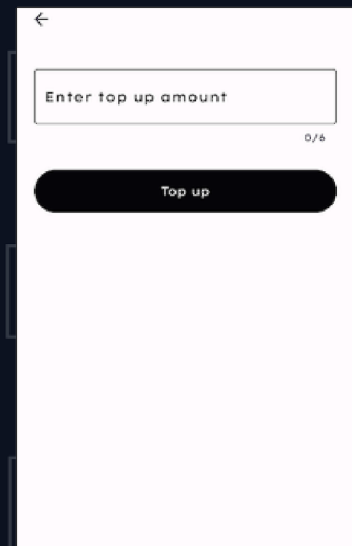
Product offerings:

- **User-Centric Design:** An intuitive and seamless experience for both merchants and consumers.
- **Shared Responsibility Revenue Model:** Super low transaction rates charged to both merchants and consumers.
- **Robust Security Measures:** Ensures safe and secure transactions with features like fingerprint authentication.
- **Promotion of Cashless Transactions:** Contributes to financial inclusion and environmental sustainability by reducing the need for physical currency.
- **Scalability:** Designed to handle a growing number of transactions as the user base expands.



Integration with Existing Financial Platforms

Seamless movement of money across different digital wallets facilitated by integration with platforms like Flutterwave.



The FutureList

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Co-Founder and Product Lead

The FutureList

Notes on our methodology

About The FutureList

The FutureList is dedicated to identifying and linking innovative technology companies with the investors, talent and strategic growth partners they need to rapidly scale their innovation. The FutureList leverages its network of local Innovation Scouts, a comprehensive online platform, and curated events to rapidly spot and match opportunities. The FutureList network has already profiled over 6,000 innovative companies, investors and partners globally.

We scout across a broad range of sectors in tech, aiming to identify the most innovative startups globally. This includes everything from AI to biotech, renewable energy, and more. The 10 categories we currently focus on are: Agriculture (farming, food, beverages, crops, forestry, aquaculture, livestock, irrigation, veterinary, etc.), Climate (electricity, energy, environment, renewables, recycling, circular economy, carbon credits, cleantech, etc.), Education (e-learning, school management, assessments, upskilling, tutors, languages, etc.), Enterprise (legal services, AI, cyber security, market research, recruitment, HR, customer success, consulting, SaaS tools, business analytics, etc.), Finance (banking, capital, trading, lending, personal finance, insurance, crypto, real estate, etc.), Health (medicine, biotech, medical equipment, pharmaceuticals, public health, digital health, hospitals, health records, wellness, fitness, beauty, etc.), Infrastructure (architecture, materials, computer networks, safety, law enforcement, construction, data centers, machinery, telecom, wireless internet, manufacturing, etc.), Media (marketing, influencers, animation, arts, gaming, fashion, content, platforms, music, publishing, translation, editing, etc.), Mobility (delivery, transportation, etc.), and Supply Chain (e-commerce, warehousing, logistics, retail, etc.)

About Our Innovation Scouts

Our Innovation Scouts are experienced professionals from diverse sectors with a keen eye for groundbreaking technologies and business models. They undergo rigorous training to ensure they provide maximum value to the startups they work with. They conduct their research on a volunteer basis. We have strict ethical guidelines in place. Any Scout with a potential conflict of interest is recused from the process to ensure fairness and objectivity.

About Our Innovation Memos

Innovation Memos provide a comprehensive profile of an innovator, whether its a startup, hub, investor or more established corporate, highlighting technological and business model innovations. The Memo is written in direct consultation with a verified representative from that entity, and also outlines suggestions around how to rapidly scale their innovation further through use of The FutureList's network. Once published, the Memo accessible to our network of investors, partners, and the general public for free on our platform. The Memo process is completely free for the companies featured as well. The entire process, from initial contact to publishing the Innovation Memo, typically takes about 4-6 weeks, but this can vary based on the startup's availability and responsiveness. Our goal is to promote and scale innovation globally. The FutureList platform and events are sponsored by partners.

Scaling Innovation

How **The FutureList** identifies and scales innovation globally



Ecosystem and sector mapping

Our Innovation Scouts identify the most innovative early-stage and growth-stage tech companies across key sectors in tech hubs around the globe.



Innovation memos and platform profiles

Our Innovation Scouts interview founders and tech executives to publish innovation memos and create a comprehensive company profile on our public online platform.



Introductions to strategic opportunities

Our Innovation Scouts share company profiles with relevant investors and strategic growth partners across our global ecosystem, and facilitate warm introductions where requested.



Private dinners and fireside chats

Our exclusive evening events bring together founders, tech executives and other special guests for networking and interactive discussions around technology and innovation.



Global summits & learning trips

Featured companies will be invited to larger annual events held at the regional and global stage that connect the most innovative companies with opportunities for further visibility.

Sponsor

The FutureList platform and events are sponsored by partners.



Sand Technologies, a global technology services company with presence across Silicon Valley, France, the UK, Romania, and several emerging markets, is at the forefront of supporting scale-ups worldwide in overcoming the challenges of rapid growth. We're currently aiding businesses in the United States, New Zealand, Denmark, the Netherlands, the UK, the UAE, South Africa, Kenya, and numerous other locations in developing scalable technology products, constructing world-class tech teams, enhancing revenue generation, and elevating customer satisfaction.

Learn more at www.sandtech.com

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