Product Innovation

Aaron Frank

**An Interview with Aaron Frank,
Chief Executive Officer and Co-Founder, Final, Inc.**

EDITORS' NOTE *Aaron Frank has held his current post since January 2014, when he co-founded Final. He participated in Y Combinator and Techstars and since launched Final's product publicly. Prior to this, he was a principal architect at Simple Energy and a security engineer at IBM. He received his B.S. in mathematics and physics from University of Maryland College Park.*

COMPANY BRIEF *Final (getfinal.com) is a credit card built for consumers – one that addresses the insecurity of a static card number. Instead of having just one 16-digit card number, it allows cardholders to provide each merchant a unique number and manage those numbers easily. It's their solution to a set of problems surrounding breaches, fraud, and canceled cards.*

What was the opportunity you saw in the market when you created Final?

When we started in January 2014, it was based on our own experiences. My co-founders and I had traveled throughout Europe and our cards were suddenly turned off because there had been a breach six months earlier. As a result, we were standing in Berlin and asking why the bank wasn't doing more.

Once we had the idea for the business, we started looking more deeply at financial services and at improving the customer experience. It was clear they were making money off consumers, but it was tough to reconcile this against our sub-par experience as cardholders.

In 2014, from an innovation perspective, PayPal – arguably the most forward-thinking financial services company at the time – was still a sub-entity of eBay and we wanted to drive towards ideas we believed they would be executing against if they were a stand-alone business.

We also looked at crypto-currencies and what was being done with different payment mechanisms. The solutions were always innovative but not always practical.

Most people aren't willing to wait a decade for new pieces of technology to come out so we wanted to provide one of the better customer experiences out there and innovation in the market in a much shorter time frame, with a product that worked everywhere and is relatively well understood.

It took three years to thoroughly learn the industry and to bring together our team, partners, and technology. It took a lot of time, but we were able to launch a number of card innovations by doing the proper legwork.

Have you built an understanding of this product, especially since it's different from what has been out there for so long?

Building a brand and product awareness has been a unique challenge. It required an educational aspect to start a snowball effect with consumers talking about it and explaining it to their friends to create a general understanding of how things work.

Our goal was to build something different, not just to be different but to be better, to provide true innovation in the industry.

Our service is similar to what you would expect with a normal credit card. But most people could not easily manage all of these different credit card numbers, so we do the magic behind the scenes to make the product work.

The product is incredibly intuitive, and we get great positive feedback. We have customers from ages 18 to 80.

How do you define your sweet spot for customers?

Our sweet spot is the digital customer; people who live on or near their phones and in their e-mail inbox. The ability for them to have a wallet in their phone from which they can pull out card numbers is a common need once you have access to it.

We're not focused on mass market because advertising in that space requires tens of millions of dollars a year of sunk cost. We're focused on building a niche of consumers and growing from there. Our approach is focused on the product and customer experience as a way to differentiate and prove our competitive advantage.

Are you competing with traditional credit card companies and are there other players coming into the space?

We compete directly with Capital One and Amex because they're the most service-oriented of the credit card companies. They're big on making sure consumers are happy, but we aim to win on that metric and speed-to-market of new features.

With the speed of technology and advances, is this a business that is changing at a rapid pace?

We took three years to build out a modern technology stack, which is incredibly fast. The big four providers of credit card processing hold almost 100 percent of the U.S. market, with the most recent one being built in 1995.

Speed is an interesting word within this industry. "Homogenization and standardization" has been the mantra over the past 30 years. There are almost no new players coming in because it's hard and complex to do. The knowledge we have as a company is unique and only exists within a group of people who maintain the system that someone else built.

One aspect of innovation is using modern software techniques, such as using modern languages, so that we have foundationally the right data models. I can walk through each level of our infrastructure and describe the competitive advantages, but at the end of the day, consumers are asking for a higher pace of innovation, and infrastructure and technology is holding the rest of the industry back at almost every level.

Is your focus still primarily on the technology side?

Yes, we're mainly focused on technology and innovation. It helps us deliver on our operations and sales efforts, as well as provide novel customer experiences.

As leaders, it's about recognizing the highest leverage. My team executes on my work and brings different pieces to market, and I work with them to figure out what we should kick off next. Everyone is the CEO of their job title. We look at how we get people to own their jobs and be better decision makers than I am in their areas of focus.

Is what you're doing innovative or disruptive?

It's a bit of both. We've segmented the company into several different core competencies, and there is innovation in each of those core competencies.

There are four big incumbents, and they don't know how to price their service simply or build software in a modern pattern. Their inability to innovate is painful for their customers and their customer's customer, so we are disrupting their business. We can provide more innovative products at a quicker pace so that is fundamentally disruption. Credit cards aren't going away, and we're a growing part of the industry. ●