INVEST IN **ARCUM PARTNERS**

Losing clients sucks. Eliminating a $10B annual problem for payments companies.

PITCH VIDEO INVESTOR PANEL

ARCUM PARTNERS

arcumpartners.com Atlanta GA

Technology | Fin Tech | Payments | Finance | B2B

LEAD INVESTOR

Maxim Istomin

I invest in Arcum Partners for three reasons. 1. I think the idea is incredible and it has huge potential. There were little to no attempts to do something like this before because there were no parties interested in pursuing this endeavor. 2. The Arcum algorithm already works and they already have data from many payment processors to further improve the algorithms. 3. I personally know the team and I think that their skill sets are a perfect fit to get this project off the ground.

Invested $22,500 this round

Highlights

1. 80% of customers that are identified by our algorithm end up leaving 7 months later
2. Strong core team with over 40 years of combined experience in payments and data analytics
3. Opportunity to be the leader on the ground floor of the Customer Attrition Prediction market
4. Post revenue and launched MVP, servicing four clients and one partnership
5. Over 150k unique merchants analyzed to date and projected to double by Q1 2022 (not guaranteed)

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6. Over $140B in sales volume analyzed and 800M transactions analyzed to date

Our Team

Sebastian Builes Co-Founder & CEO

Sebastian received his Master's in Applied Economics from Florida State University. He worked as a consultant at an economics firm and was part of the finance team at EVO Payments where he oversaw a portfolio of over 500k merchants worldwide.

This idea came after working in the publication industry and seeing how subscriber churn is handled there. Shortly after joining one of the largest payments processor I realized that the same methodology could be used to save merchants at risk of switching providers.

Tad Zhang Co-Founder & COO

Tad Received his Master's in Actuarial Science and Mathematical Risk Management from Georgia State University. His 9 years of data science experience include building machine learning models to help fortune 500 companies combat fraud.

Mikhail Dmitriev Chief Economist

Mike Received his PhD in Economics from Boston College. He is currently an assistant professor at Florida State University and specializes in Macroeconomics, International Macroeconomics, and AI/Machine Learning Methods in Economics.

Hope Wofford CFO

Hope received her Master's in finance from Georgia State University. She has over ten years of experience in accounting and finance with both large and small companies.

The Story of Arcum

Arcum Partners began when two former colleagues working on helping newspapers reduce subscriber churn stumbled upon the payments industry. Both Sebastian and Tad had worked with tremendous amounts of data, but had never experienced the rich quality of payments data. By working with some of the largest organizations in the payments world, they became deeply knowledgeable in all aspects of the payments process, including their problems.

Shortly after landing their first pilot client, they reached out to Mikhail Dmitriev, PhD, an assistant professor of macroeconomics at Florida State University to come in as an advisor. Mike's advisory role quickly expanded, and just a couple of months later, he was helping the team code the first retention algorithm.

A short year later after the team got together, they have analyzed over 200k unique merchants across five different payment companies, and created an algorithm capable of identifying clients at risk of leaving up to 7 months in advance with 80% accuracy.

Arcum Partners
Strengthening Merchant Relationships Through Data

The Problem: Reactive Retention

One of the biggest problems we identified in the payments industry was customer attrition. in fact, 1 out of every 5 clients is expected to leave their payments provider every year (Goldman Sachs). In terms of sales volume, attrition costs the industry, roughly $1 out of every $10 processed (TSG). This problem is largely due to the fact that the industry still relies on reactive retention campaigns.

Problems with Reactive Retention:

1) Difficult to know when a client is unhappy

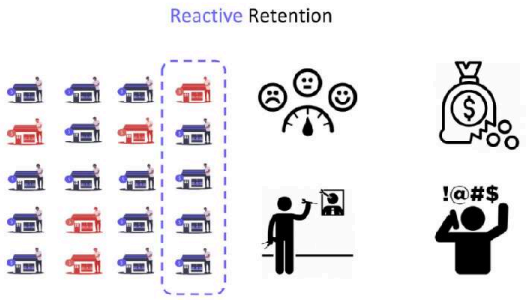
2) Cost the company money as a result of inefficiencies

3) Employees get blamed for clients lost

4) Customers receive "discounts" or "perks" only after they have decided to leave

Market Size: A $10-$25 billion annual problem

According to Statista, there is roughly $7 trillion dollars in sales volume from credit cards every year. Since 10% of all the processing volume is expected to attrite annually, this means that about $700 billion in sales volume is lost from customer leaving. In terms of revenue, payments companies charge between 1.5%-3.5% (not accounting for card not present transactions) of all sales volume they process, meaning that between $10-$25 billion is lost every year when customers leave.

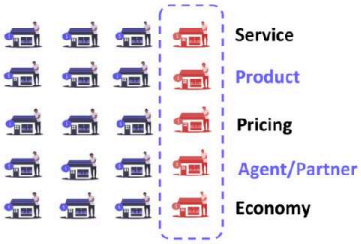


Solution: Proactive Retention

In order to solve this problem, we developed a machine learning model capable of identifying customers that will leave and the reasons why. That way our clients can develop proactive retention strategies for their customers.

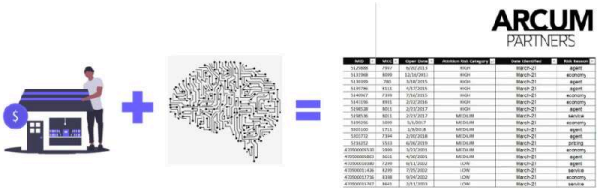
In our most recent case study, we identified 40 accounts in one month out of a 2k merchant portfolio. 7 months later, 80% of the customers identified by our model had left our client. By identifying customers that will leave in the future and the reasons why, we provide the necessary tools for our clients to develop proactive retention campaigns that actually work.

Proactive Retention



Know **who** and **why** a client may leave. **Before** they do.

The Future of Retention Relies on Data



MID	MCC	Open Date	Attrition Risk Category	Date Identifier	Risk Reason
5125908	7399	9/14/2012	HIGH	March-21	agent
5127988	8999	11/12/2013	HIGH	March-21	economy
5130589	7995	3/18/2015	HIGH	March-21	agent
5139786	4511	4/17/2015	HIGH	March-21	agent
5140647	7299	7/16/2015	HIGH	March-21	economy
5141036	8931	2/12/2016	HIGH	March-21	economy
5198128	8011	2/22/2017	HIGH	March-21	agent
5198536	8011	2/22/2017	MEDIUM	March-21	service
5199166	5999	5/1/2017	MEDIUM	March-21	economy
5601100	1711	1/9/2018	MEDIUM	March-21	agent
5202752	7394	2/20/2018	MEDIUM	March-21	agent
5216252	5533	6/20/2019	MEDIUM	March-21	pricing
4200000530	5945	5/22/2015	MEDIUM	March-21	economy
4200000602	8651	4/20/2015	MEDIUM	March-21	agent
4200000680	7299	6/11/2012	LOW	March-21	agent
4200001436	4299	7/25/2012	LOW	March-21	service
4200001736	8398	3/24/2012	LOW	March-21	economy
4200001767	8641	12/1/2015	LOW	March-21	service

Arcum Partners Pilot

	Arcum Predicted Merchants (March 2021)	Merchants Attrited (April - July 2021)	Merchants Attrited (Aug - Oct 2021)	Total Merchants Correctly Predicted
Count	40	21	11	32
% Total	100%	53%	27%	80%

80% of predicted customers left **7 months** later

"Working with Arcum is like having a crystal ball. By knowing who and why someone will leave, we can work on improving our client experience and find solutions to problems before they get out of hand."

Bufan Yang
Chief Operating Officer

Go to Market Strategy

Partnerships

Direct Relationship

Total Merchants

Wholesale Pricing	Retail Pricing
5M	30K
$2 Per Merchant Per Year	$5 Per Merchant Per Year

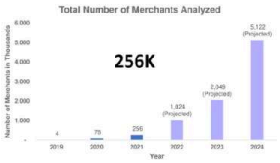
Competitors

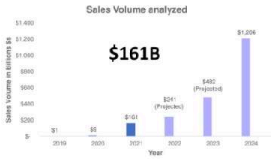
bitwise

womply

cardconnect.

Arcum Partners Traction





Forward-looking projections cannot be guaranteed.

If we can solve customer attrition in the payments industry, imagine where else we can apply our proprietary solution.

YouTubeTV

Spotify

xfinity

Music

NETFLIX

T-Mobile

THANK YOU!

Strengthening Merchant Relationships Through Data

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Appendix I:
Model Drivers

By implementing time series analysis, a predictive analytics model is developed

The model assigns a probability of leaving to each merchant in the portfolio

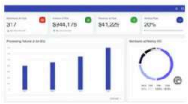
The model is driven by a set of inputs obtained from the acquirer's database and proprietary data sets

Appendix II:
Product: ArcumX "As simple as 1,2,3"

Sign-up and load data

1

Instant portfolio insights



2

Download merchants at risk

3

https://www.youtube.com/watch?v=MOCIQ-Y-Bn4&t=1s