



Stanford eCorner

Original Vision to Current Transition

Wences Casares, *Bling Nation & Lemon Bank*

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Co-Founders Meyer Malka and Wences Casares describe the genesis, development and current transition of their mobile payment company, Bling Nation. Meyer articulates how trust in his partner's vision played a vital role in deciding to uproot his family to Silicon Valley. Casares also reflects on this decision, and describes the current market conditions that have caused the co-founders to plot a new course for the company.



Transcript

In 2007, we were in ah, we were with our wives traveling and Wences come we're in, we're in... In India. ...we're in India and he said, you know I have this, let me put some context. This was before the iPhone even came out. We hadn't, the iPhone was not even in the market. I have this vision that we're going to be using the phone to pay and that the phone is going to become a very important instrument in our financial world. And that ah, I think that if there's an opportunity that it's going to happen and we're going to be spending the next 38 years of our lives using our phone as much more than what we are thinking. And by the time there was no ah, software, the phones were all locked, they have nothing you cannot do anything on them so I looked at him and he said, what are you looking, what are you thinking. And ah, but by now after ten years together you build a certain level of trust, important trust at any level. I mean trust from, you know, being a CEO when he's not or vice versa, being able to talk and overcommunicate.

And when you get one of the partners in ah, with that level of motivation, the trust becomes an important aspect for success. So this we, I was living at that time, I was in between Brazil and Venezuela, ah, we were both small kids, and this was February of '07 and by August of '07, we both had relocated to, to Silicon Valley. We both had moved our families here. We had no clue what we're going to do with it but we decided that based on the trust that we have and our ability to work as a team, this was the place to do it. And we moved our entire personal, you know, personal circle with us now to here to start this. Uhm, it ah, it didn't feel so crazy at the time when we did it but as the time goes by we look back and it feels ah, like a crazier move. We started uhm, shortly after we started, the iPhone came out and that pretty changed dramatically the, the mobile landscape. Uhm, we started issuing, we started focusing on enabling consumers to pay at the retail location by tapping their phones issuing these stickers that we call BlingTouch with an RFID sticker. And we do that, we started doing that with banks. We deploy with 17 different banks across the country in, in communities of less than 200,000 people.

And we felt that that didn't allow us to grow that we wanted. We were at the mercy of the banks to acquire more consumers so we did a partnership with PayPal to go directly to the consumers through PayPal and bypass the banks. We did a pilot here in the Bay area with PayPal. And then we found the problem was ah, the cost. It was too expensive for us to acquire the merchants and we improved that a lot but we couldn't make it economic. We couldn't make it work. We started focusing on very large merchants. And shortly after we started focusing on the large merchant, so did the very, very large companies like Google, AT&T and Verizon with iSys, with their joint venture and even PayPal itself going after these very large merchants with a value of proposition that we couldn't match, subsidizing Google alone is subsidizing almost \$500 million worth of hardware. A lot of iSys, subsidizing a lot of advertising dollars. And after, when that began to happen we decided to, to, to regroup and that's where we are right now and in Bling Nation taking some elements, some small elements that we think worked and getting rid of a lot of things that we haven't been able to work.

Ah, to relaunch hopefully in a month or so. I also find in this, in this, in this process, uhm, that is a very hard process of iterating, changing, recognizing what, what has failed and go with something and having a partner who you can trust and, and, and share this impressions you have in an as intellectually honest way as possible it's invaluable. If we didn't have that trust, it would be much more likely that you're just, that you would just keep trying with something that maybe you know that is not the right thing, the right thing to do. And I think that has become very obvious in what we're doing in Bling Nation.