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## Wallets and Stickers and Phones, Oh My! – A Look at Blaze Mobile

By Carol Coye Benson | Mobile Banking & Payments, Personal Financial Management



*Editors Note: Glenbrook, along with the rest of the payments industry, has been watching developments in mobile payments closely. A few weeks ago, our partner Carol Coye Benson profiled Boku and CashEdge products. Today, she takes a look at Canada's Zoompass, Zong, Billing Revolution, and **Blaze Mobile** (below).*

Blaze Mobile is a wallet-centric offering in the U.S. market. CEO Michelle Fisher spoke with me last week.

Rather than focusing on payments per se, Michelle's focus is on enabling the consumer's mobile life. In her earlier career at Microsoft and Telco SBC, she always took "the approach of the consumer" – focusing on segmentation schemes around the needs of sets of consumers.

Given this, Blaze Mobile is not concentrating on a single payment domain, but rather supporting transactions across a number of domains. The early use cases are P2P payments and point of sale payments. She wants the consumer to be "completely mobile". Her approach is to narrow in on segments and deliver what they need in the way of mobile financial transactions.

I downloaded the iPhone Blaze Mobile wallet and set up an account. I ordered my Blaze Mobile contactless sticker, but don't have it yet. On the phone, the top level menu lists (in order) "Movies", "Money", "Rewards", and "What's Nearby". So what can I do?

Once a consumer sets up a Blaze Mobile account, they can do P2P transactions (Michelle wants people to say, “Blaze me the money”), and, if they opt for a contactless sticker, POS transactions at locations that accept contactless cards. The mechanics of setting up the account, funding it, etc. are the basics of any prepaid stored value transaction. Today, the sticker is limited to a single funding source (a prepaid MasterCard).

There is a specific focus on buying movie tickets – a key purchase category for Blaze’s target demographics. Blaze will compete with Fandango et. al. in allowing consumers to browse, purchase, and use movie tickets. Consumers can register various cards and bank accounts with their wallet, and choose the instrument to use for buying the movie ticket.

Blaze also incorporates a “PFM Lite” – the ability to see bank and other account balances (such as rewards programs) from the phone. She thinks the wallet approach to PFM will be more attractive than going to each account’s site individually – the average person, by her reckoning, has about 8 active accounts that they might want to access by mobile phone. Earlier users are enthusiastic about this – 63% are using the feature.

Blaze has three target segments at this time. The first is 18 to 25 year olds – their research shows that these people particularly like contactless technology for POS purchases. (It is fun to watch their **video demonstration**, done at a variety of stores – often, the clerk hasn’t seen a sticker-on-a-phone used for a contactless purchase. (It is abundantly clear that everyone in the video thinks of it as “paying by phone” – even though it is just a sticker – which could just as easily be stuck to your paperback novel!)) The second target segment is college students – who are heavily into social networks and need P2P transfer capabilities. This segment also buys a lot of movie tickets. The third segment is parents with kids at home, who need digital allowance management and P2P transfer capabilities.

The P2P capabilities currently allow transfers from one Blaze account to another, or from a Blaze account to a specific bank account. Blaze has a banking partner who does this piece for them: it is a simple ACH credit transaction. They are planning to enhance this by the 4th quarter, to enable bank to bank transfers.

In the future, Blaze will enable consumers to choose payments instruments for point of sale purchases – this will be made available for NFC enabled phones.

The Blaze team is also anxious to alleviate consumer security fears. No financial data is stored on the phone. There is a “wallet PIN” that provides permission to access the wallet, and which is enabled by default (although a consumer can opt-out of this feature). If the phone is lost or stolen, the consumer can remotely change the PIN. Consumers can also establish a “payment limit PIN” for purchases. Finally, Blaze is enabling a “transaction PIN”. This is a bank-provided PIN that may or may not be demanded by a merchant at the POS.

Finally, consumers are able to remotely lock their phone at any time – this also resets the Wallet PIN.

Blaze's business model is still evolving. Some pieces are clear: there is a transaction fee taken when a movie ticket purchase is made, and for P2P transactions. Presumably, Blaze will also benefit from the interchange on POS transactions, although that part of the business model is not disclosed. The wallet itself, and the PFM capabilities, are free to the consumer.

I asked Michelle about her view of the competitive environment going forward. She thinks the most important piece of the puzzle – and the hardest – is getting the wallet software right. This “isn't trivial”, she says, given the number of handsets, platforms, etc. Delivering an integrated, open (to multiple payments types), consumer friendly wallet demands “intense software”, and companies that win in this space will concentrate on supporting a mix of “rich client software development and ghosted services”.

In some ways, Blaze is more confusing, to an industry insider, than some of the “pure play” products in the market. But that's because they are starting with the consumer, and following that lead. The gamble, of course, is that they have that right – and that the consumer isn't too distracted by the myriad other offers and products that are out there. But in the meantime, my iPhone app is pretty cool, and I look forward to getting my sticker!