

Bringing to market a Proprietary Cross Border Payment Platform, BlueKite is providing a Solution for Immigrants to safely and Accurately Pay Utility Bills from Abroad

Business Services Bill Payment Technology

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Bobby Aitkenhead
CEO

BIO:

Bobby was born and raised in Guatemala City and always had great passion for sports, representing Guatemala with the National Basketball Team on various occasions. Sports eventually took him to the US where he attended SMU (Dallas) and earned a BBA in Finance and a BS in Economics while Playing Basketball for the Division 1 School. Since college, Bobby spent nine+ years in financial services, becoming a seasoned Banker with extensive experience in liquidity management and Interest rate risk. He held senior, VP level roles at Citibank and Fortis bank,

leading prop trading desks, safeguarding liquidity, and managing balance sheet positioning. Bobby Directed the proprietary FX and interest rate trading desks for Citibank in Costa Rica and Guatemala, with other Management rolls in Dallas (USA) and Grand Cayman, (Cayman Islands). Outside of Banking Bobby co-founded a small real estate investment fund in Dallas as well as the start up wheretogomaps.com. Bobby is passionate about finance and technology and very passionate about bringing democracy to finance, providing financial innovation to those who need it most. He is happily living in Miami with his wife and their three young children.

About BlueKite:

BlueKite is the ideal complement to traditional cash remittances. By facilitating bill directed cross-border payments, BlueKite allows immigrants to better care for the family members they left behind. BlueKite offers affiliated money service stores a unique, state of the art, web-based platform that allows them to make real-time cross-border bill payments for services around the world. Payments are safe, accurate, reliable and guaranteed. By using BlueKite's free platform, money service stores can now provide immigrants a new and innovative service that lets them pay their loved ones' utility bills, instantly, from the money store directly to the utility company in the foreign country.

Interview conducted by:
Lynn Fosse, Senior Editor

CEOCFO: Mr. Aitkenhead, what is BlueKite?

Mr. Aitkenhead: BlueKite is a technology company that develops solutions and applications that improve the way people around the world pay for services and utilities. We currently market a proprietary cross border payment platform that allows people to safely and accurately pay utility bills from abroad. For example, our technology allows a person in the US, to pay, in real-time and with up to the minute balance information, bills for other countries.

CEOCFO: Typically, are people paying for someone else when they use your service?

Mr. Aitkenhead: Yes, in most cases people are paying bills on behalf of friends or family members. BlueKite currently caters to the unbanked/underbanked population, many of which are immigrants who moved from developing nations to developed nations in search of a better future. Such immigrants traditionally continue to support the family members they leave behind, so we basically offer them a product that complements the traditional ways in which they provide support to those family members, where instead of just sending cash, immigrants can actually directly care for those loved ones bills.

CEOCFO: What have you put together in the background to allow this to happen? What were the challenges and how have you figured out how to do this smoothly?

Mr. Aitkenhead: We have put together very powerful proprietary technology, valuable contracts and permits, and very detailed, well-defined business logic that really makes our model different. In terms

of challenges, the most difficult thing has been building the technology. The project is very technology intensive because we built, and continuously enhance, a core API that is capable of "hooking up" to billers accounting systems on a large and very efficient scale, and then process real time balance and payment requests. Furthermore, that same API has to be able to communicate with a variety of B2B and B2C frontend platforms. There is a great deal of first class technology that goes into doing that efficiently, accurately, and safely. The second biggest challenge is regulation. Here in the US, and in most developed nations where we look to provide our service, there is a great deal of regulation for AML around cross border payments and anything that is cash receipts and cash transfers abroad. In order to operate in most states in the US, we have to get a special permit or a money transmitter license. Both of these are issued per state with applications and requirements varying significantly from state to state. Money transmitter licenses are not easy to come by...That has been a challenge. We are currently licensed in Florida, and have received permission to provide our service in Texas, South Carolina, New Mexico, and Montana, and we are working on more states as we speak. The third challenge has been getting a hold of the right people at the payment gateways or utility companies in Latin America, getting a foot in the door and getting down to signing contracts and getting our technology team in there to hook up the billers and increase our portfolio.

CEOCFO: Do the utilities that you work with understand right away?

Mr. Aitkenhead: Most of them understand it right away, but that still does not make the contract and integrating much easier... Part of our initial research was about really understanding how people pay bills in Central America and we found that for the unbanked and under-banked segment the bill payment process was a huge hassle. In most cases, we found that it could take between three and five hours for the average

working class unbanked person to pay a bill. That seemed kind of ridiculous; so we decided to do more research. We then met with regulators and utility companies to find out what the issue was, why was it so difficult for customers to pay their bills? It turned out that utilities are very much aware of the problem but there seems to be very little done to solve it, in fact in most cases it was evident that the number-one complaint utilities had from their customers was the lack of collection points and the lack of ease for payment. Furthermore, we then spoke to regulators about this issue, and found that one of the most important things that regulators are after utility companies for is poor service from the lack of collection points. So yes, utilities get it fairly fast but convincing them about BlueKite

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and our strategy takes some time, especially for the first contracts.

CEOCFO: Where are you in the development process?

Mr. Aitkenhead: We have developed the technology to be able to reliably hook up the billers at a large scale and officially process payment. We are currently only available in three countries, Mexico, Guatemala and El Salvador and are in the process of adding more countries like Columbia, Ecuador, Dominican Republic and Honduras within the next 3 months. We are looking at a further expansion to South America and South East Asia during the third quarter of this year.

CEOCFO: Are the fees strictly to the person sending money?

Mr. Aitkenhead: Not necessarily, people sending the money will always

have to pay a fee but we are definitely trying to negotiate with the utility companies to commission through them as we significantly enhance their collection efforts. It has been tough with billers though because it's the typical chicken or the egg kind of thing, where they want to see a significant amount of transactions before they are willing to pay a fee; and we want a fee before we sell transactions which allows for faster growth, so it is a different process with each biller and there is a significant amount of negotiation involved with each contract.

CEOCFO: How do you reach perspective customers?

Mr. Aitkenhead: That is a key thing for us right now, getting ourselves out there and making sure people know that the service exists and they can use it in a very safe and reliable manner. We are first doing this by trying to build relationships with cash stores so that they offer our service in addition to the services immigrants traditionally use. This is currently our main focus because we found that cash stores or money service businesses have tight relationships with their clients because their clients basically use them as banks. The typical unbanked immigrant would earn a paycheck, go to a cash store to cash his check, and use the proceeds at that same store to pay his local bills, buy cell phone minutes and send a remittance. Therefore, sort of how you trust your bank, an unbanked immigrant trusts their cash store. We are offering cash stores a very attractive revenue sharing opportunity to offer our service to their clients. We also have a ton of in-store presence and have other marketing efforts such as gift cards where we let people try the service free. Furthermore, we are trying to do cross marketing with the utilities as well, where the bill says that it can be paid from the USA with BlueKite. We are also looking to go further into radio and specific Latino communities, but we are still exploring in that sense.

CEOCFO: There are many companies that do bill-pay and

facilitate money transfer; how do you protect against other companies jumping into your unique space?

Mr. Aitkenhead: There are a few things. First, the project is not an easy project at all. The technology has to be very robust, very high-class. We have an expert team that would not be easily matched. It is never impossible but it is not like anybody can say I want to make technology for cross-border bill pay, hook up the utilities and that's that, there is a lot more that goes into it, even if you are a traditional remittance or air time sender. Besides the difficulty in replicating our model, time would also be a constraint as this is not something that could be done really fast, so we have a good running start. We have been building our technology for over a year now. Second, regulation is very tough for anyone who is not already a money transmitter. Third, cross-border bill pay is an entirely different model on its own; there are many things that can only be done by a Company that is only dedicated to providing cross-border bill pay, a single service that does not currently exist. Fourth, dealing with utility companies in Latin America or any developing nation is not the easiest thing, going down there and getting all these contracts and getting hooked up with billers is something that definitely takes time and specific know how. Finally, in the case of Money Remitters, I think we compliment their service very well, instead of fearing them I see them as potential future partners or even exit opportunities for BlueKite.

CEOCFO: I understand that today BlueKite announced a funding. How

far will that take you and will it get you through the next steps?

Mr. Aitkenhead: We are very excited about our recent round. Not only does it allow us to continue significant investments in technology, portfolio growth, marketing and distribution, but it also leaves room for possible acquisitions that we have in mind. Furthermore, we expect the funds will be enough to take us at least through the next six to nine months when we expect to turn cash flow positive. We have already gone to market and expect to really validate the concept and model here in Florida during Q1.

CEOCFO: Would you tell us the different utilities you are looking to cover?

Mr. Aitkenhead: We cover basic services for now which we consider to be most common for our target market. Such services include gas and electric, water, cell phone, fixed phone lines, Internet and cable. There are other things we are already hooked up to. For example, we can process payments for insurance companies, credit card companies, and other banking service but these are smaller value-added services that we may offer in the future if our target market expands beyond the unbanked.

CEOCFO: Have you found that word of mouth has been a big factor so far?

Mr. Aitkenhead: Word of mouth is huge. Being close to stores and communities and having them promote the product is a big step and once we get a few people trying, we think that our service can really spread. Immigrant communities are really tight, they try to protect themselves, take care of each other,

and recommend things to each other. We found the immigrant communities to be very organized. If we have the right distribution and we can get a few members of each Hispanic community trying our service we believe the word will spread and we can really gain some traction. We are really banking on word of mouth. Cracking the immigrant market is very much about trust and about them trusting the service so as soon as you get a few guys trusting the service, then it spreads through the community fast.

CEOCFO: Why should the business and investment community pay attention to BlueKite?

Mr. Aitkenhead: Because we have a unique and really innovative model that stands out because it is very valuable to all members of the service value chain. Like I said before, many benefit from the BlueKite services including regulators, billers, immigrants, cash stores and working class people in developing nations. There is nobody in the market providing what we can provide right now and the market for our service is huge, with remittances worldwide being over \$500 billion in 2011 and over 15% of such going directly to utilities. Our product is different from anything out there, it targets a great need that most of the un-banked population has and it is a viable solution to the difficulties involved in paying bills in developing nations. We built the right technology and have the right backing and model to take this to great scale.



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