



ISA CHAMP

General information:

Founded: ISA CHAMP OÜ

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Funding Needed:

17k-20k euros, to apply for the license and to build our machine learning models.

Seeking for:

NGOs & Companies who like to support our cause (increasing access to quality education to underserved populations, eg. Ida-Viru county, Dreamers, ...)

Investors, willing to invest in students.

Investors, willing to invest in our startup later on.

Revenue forecast:

2020: 100K euros

2021: 1Mil euros

Example: Anastasia borrows 20k, to study nursing in California for two years (10k a year), in exchange for 10% of her salary for 8 years. We could have a minimum threshold of 40k yearly salary before she starts paying back (already below the minimum salary registered nurses earn). Assuming her salary never increased since the threshold, over 8 years, she would have paid back: $40k * 8 * 0.1 = 32k$. That's a 60% return to investors on our platform using minimum fixed salaries.

Core team:

Bouya Maalainine - CEO - 3rd Member at ALFC ISA (Fund for similar loans) - Onboarded 400+ Students - Built salary models and educational materials.

Lauri Lehtinen - CTO - Principal Engineer at TransferWise - Exited his own company - Built trading platforms.

Martin Magar - COO - Tech Lead at TransferWise - Joined as 80th employee at TransferWise - The team he leads moves \$1bn monthly.

Nikita Utkins - Interim CFO - Assistant Manager at EY - Transaction advisory dealing with M&A deals.

Raigo Lilleberg - Design Lead - 5+ years in design - product, UI/UX, branding, marketing.

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Elevator pitch:

Crowdfunding the education of underserved students in exchange for a percentage of their future salary.

Problem:

Financial burden is a leading drop out factor, globally. In Estonia, many students move out of their homes for their studies. The move increases drastically the cost of living. In fact, 71% of students** work while studying. This naturally has an impact on studies (longer duration, affected grades, or dropping out to focus on work). On the other hand, student loans are capped at 2000 EUR per year which translates to 166 EUR per month. Imagine a student from Narva having to study in Tallinn with all the moving and living costs that bring, 166 EUR per month is nothing for Tallinn living standards.

**According to this research paper:

<https://digi.lib.ttu.ee/i/file.php?DLID=8370&t=1>

Solution:

We are building a marketplace where students crowd fund their education and, in exchange, investors earn a percentage of their future salaries for a fixed duration of time. The Origination and Underwriting of the marketplace are future oriented, based on predictive models with machine learning that look at student's behavioural data, school, major, grades and more to determine their future potential salary. We are also building the servicing system that recollects & distributes payments from students to investors.

Go-To-Market and Market Size:

From the investor side: we will first start with one institutional investor and only then open to retail investors. Early retail investors would be from the Baltic and US.

From the student's side:

Estonia: We are visiting Narva to engage with youth interested in our financing solution next week. And use partnerships to foster integration and access to opportunities. USA: We are starting with the kids of illegal immigrants as they are not eligible for any federal aid including student loans.

They are called Dreamers (from the Dream Act) and they are 3.5 Million (triple the size of Estonia). Every year 100K Dreamers graduate high school. With an average yearly student loan of 10K, this means our niche market potential is 1Bn. We can later expand to other niches. We plan to first post the opportunity on Dreamers forums like DACA and TPS forums. Then target high schools that have high condensation of Dreamers especially in California.



Business/revenue model and target profile:

We take 4% on money raised through us and 1.5% royalty on monthly repayments collected by us.

Our ideal students are talented, ambitious, ethical but lack funding opportunities.

For our MVP, we will focus on students from Ida-Viru county to foster local integration within Estonia. It's a great validation for the systems we are building. We plan to partner with Estonian NGOs and companies interested in community integration. Companies could, later on, hire some of the supported students. Then we will focus on US market (Dreamers)

Current status:

Built the funnel for students: application process and agreement signing protocol.

Built the investor side where they could login, choose the pool of students to invest in. They can already pledge their investments but without the license, we can't accept any money from them yet.

Qualified two institutional investors who would like to invest in students.

Interviewed 50+ students to understand reasonable terms (what % of their salary they are willing to give, for how long and in exchange for how much)

Received 44 student applications in 25 days by sharing our post on one student opportunity portal. No Marketing or Ad spend.

Roadmap and key milestones:

Win Prototron 12/19 -> Apply for the needed license 12/19 -> Complete building first models for underwriting 12/19

-> Fund IdaViru students with institutional money 01/20 -> Receive the license 04/20 -> Fund Dreamers with institutional money 05/20 -> Open the marketplace for retail investors 06/20 -> Expand to a new niche of students 06/22

Competition, Competitive advantage:

	Traditional Loans	Our Loans	Justification
Payments	Fixed	Variable	With our loans, students pay a percentage of their salary as opposed to a monthly fixed amount.
Underwriting	Based on background	Based on future potential	We build predictive models to assess the future potential of students. We share their success.
Duration	Lengthy	Finite	Traditional loans terminate only when principal+interest is repaid. Ours end after a predetermined fixed period.
Amounts	Capped to 2000	As much as needed	The higher the amount we provide the more the % of the salary we get. Students raise only what they need.

More competitive advantage of our loans technically called income share agreements (hence the name ISA Champ):

Accessibility	Anyone can receive our loan, including students from low-income families.
Affordability	Since it's a percentage of the salary, students always can repay.
Fairness	If a student succeeds financially, then so do the investors. Shared risk; shared reward.

Financial need:

First stage: 13K euros from Prototron, to license application.

Second stage: 4K euros from Prototron & 5K self-funded, to build the machine-learning based underwriting models.

Third stage: 3k euros from Prototron & 5k self-funded, to deploy the solution.