PITCHIT FINTECH STARTUPS PODCAST NO 93-NEHA NARHEDE & SACHIN KULKARNI

Thanks for coming back for another episode of PitchIt, a fintech conversation amongst founders, investors and friends. I'm your host, Todd Anderson, Chief Content Officer of Fintech Nexus.

What we do is we take a peek behind the curtain, what motivates someone to start a company, how do investors make the right bet, what do accelerators do during and help enabling the process of growing your company, how do banks think of founders. Not to mention, we try to have some fun and what you'll see is we'll also do some special episodes, we have some new features coming so stick with us and you'll get all you need to know about the fintech startup landscape.

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Now, let's get on with the show.

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Todd Anderson: On today's episode I'm joined by Oscilar's Co-Founders, Neha Narkhede and Sachin Kulkarni. Neha, Sachin and I talk about the founding story behind Oscilar, the importance of no-code, the efficiency of out-of-the-box solutions which right now that's what Oscilar is offering, out-of-the box-solutions, the benefits of having engineer talent from the Ubers and Apples of the world, it's really diverse in terms of the talent that they have on at Oscilar, the rising importance of kind of where fraud fits and fighting fraud within organizations, being married as co-founders and kind of the uniqueness that comes with that, raising capital and much, much more.

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Without further ado, I present Oscilar's Co-Founders, Neha Narkhede and Sachin Kulkarni. I hope you enjoy the show.

Good morning, Neha and Sachin, welcome to the podcast, how are you both?

Neha Narkhede: Doing great, thank you so much for having us.

Sachin Kulkarni: Doing great, thanks, Todd.

Todd: Of course, of course. So, I'd like to kick off the episode if we can just, you know, get a little sense of your story so maybe, Neha, I'll start with you and then Sachin, I'll go to you next. Tell us a little bit about your journey, kind of where you've been professionally until now and kind of what brought you ultimately to the point of wanting to start a company together.

Neha: Yeah. I'm Co-Founder of Oscilar and also Co-Founder of Confluent which is a public tech company. Previously, I led Product & Technology at Confluent where I was privy to a lot of applications of events streaming and real-time data. Before that, I led Data Streams Charter at LinkedIn where me and my co-founder started Apache Kafka which eventually led to Confluent and the reason for starting Oscilar, knowing probably really shortly, is that I saw a lot of use cases on real-time data and the fastest growing and the most interesting one was fraud detection and risk decisioning and that is what led to Oscilar.

Sachine: I used to, before Oscilar, be at Facebook for more than a decade actually, 11.5 years-ish, where I was the Senior Director of Engineering responsible for building out Facebook's private cloud, also built the backend for Facebook Live, Facebook videos and started on live and started on videos and the backend for Facebook Messenger. And so, along the way we grew trust and safety of the Facebook platform overall by building skilled real-time data processing systems for various types of fraud as well as things like build integrity, people trying to…we do copyright and so on, like those types of problems as well. And I think that that was a fun time where at my recommendation we were doing conceptual organizations, eventually won an Emmy in their technical category, of course. So, there was a running joke among my friends where they were, of course, making fun of me and called me an Emmy Award winning director. (laughs)

Todd: Not a bad thing to be called. (laughs) So, you know, I always ask the question to my guests, but, you know, what kind drives and ultimately what drove you to want to start your own business? I mean, I hear stories of my parents were entrepreneurs and it was kind of ingrained in me. Neha, you mentioned kind of finding a problem through your other journeys in terms of the businesses that you were at, that you wanted to start Oscilar, in particular, but what comes and where does the drive come from when it comes to being an entrepreneur?

Neha: For me, it was really the complex solution that risk decisioning really is today for a really specific and growing problem which is the rise of online fraud and risk. So, the context behind that and the way we arrived at this is over the past decade, as companies became more digital, there is an explosive rise in online transactions and that's further accelerated by the pandemic. So, today many of us expect to handle the most consequential actions of our lives, whether it's applying for a home loan or transferring money to a peer-to-peer wallet, we expect all these to happen online instantaneously and also securely. And the sharp increase in online transactions has actually resulted in a dramatic increase in risks so for all manner, it's not just fraud risk, it's credit risk, insurance risk and so on.

The reality is that most companies' risk technology has not kept pace with this proliferation of transactions and it's, not that this cost us (inaudible) so the cost, you know, credit and fraud risk now cost consumers more than $8.8 Billion annually. Personally, I saw this trend unfold in real-time in Confluent when I witnessed a large number of applications using event stream data and this being one

of the major ones where companies had to string together lots and lots of distributed systems along with machine learning pipelines in order to solve this problem and even then they had this problem of dependence of engineering not being able to solve this quickly enough.

You know, before we jumped in, I talked to hundreds of fraud and risk leaders to just see, you know, what their challenges were and it turns out that they face similar challenges, that is, providing autonomy to risk teams, ensuring access to the most relevant data at the right time, developing relevant machine learning models. Therefore, you know, the complexity of this solution was really, really intriguing to me. Sachin can say more, but I wasn't alone in wanting to build a new solution here.

Sachin: Yeah. I think what we had realized was we will add some of the top ten companies with great talent and we still find that existing systems were cumbersome and, in many cases, ineffective in dealing with fraud and it was not just in the companies that we were at. We also turned to people who had worked on this system, let's say Twitter and some other companies and got the same sense that this is.....we were actually confounded by how bad the situation was and it helped us realize that this is actually not just in these companies. If you go outside of these companies the problem actually gets worse because they don't necessarily have access to their talent as these companies do and so we were convinced that this problem needs to be solved.

There's also a personal anecdote that, some have heard this a lot, right, where I think one of my older uncles, he's in his 70's, he got a phone call one day saying hey, there has been some bad activity on your account so I'll share the code that we sent so you can reverse that activity. Of course, this was a scam, but, I mean, him being in the 70's is not fully up to speed on everything that's happening and these are kinds of scams so he gave them that number and, of course, drained his account right away and that got us thinking, this was a real problem for real people, it's not just at the fringes anymore.

People are losing their life savings and I don't think it is reasonable to expect that every one of these people get fully educated on how to stop these things, that's not going to happen. We need systems in place, we need businesses to be able to do these for their users, protect them from this type of activity. And so, I think the personnel as well as the professional sort of (garbled) and I think this is what we will do better and solve this problem.

Todd: So, as we jump further into our conversation a bit more about, you know, the solution that you're building, where did the name Oscilar come from?

Sachin: Yeah. So, (garbled) all the leaders we've talked to and our experiences as well pointed to the fact that companies had to pick somewhere on the spectrum of ease of use and catching every single formula that they want to have. In the spectrum, you have to pick different points and different stages of your company and depending on what you're seeing, we would like two people not have to make that choice. Ease of use should be there while you catch all the fraud, but not everyone can do this, sort of that oscillation, it is an interesting spectrum of the balance where (garbled).

Todd: So, you know, tell us a bit more about the company. Is there, you know, kind of a perfect type of client that you serve and kind of where are you guys today in terms of your journey and tell us a little bit more about what you're building at Oscilar.

Neha: Yeah. So, for the past two years we've been working in stealth alongside a world class team of engineers to build the first-of-a-kind real-time AI-powered risk platform that dramatically improves the quality and speed of risk assessment. We publicly announced the company last month and the reaction has been very positive and we're looking forward to growing the company significantly in the coming months and years.

Where we are on the customer development journey is we're working with dozens of fintech customers, for instance, we partnered with leading fintech companies like Slope and Super, we're applying our technology to help them secure and reduce the risk of their online transactions, both B2B as well as B2C. Our products currently are twofold, we offer fraud detection audit as well as credit underwriting product and usually customers start with one product and very seamlessly agree to the other one. So, really, you know, we're looking forward to growing the reach of our products across industry sectors with the chance of building a really iconic company that can make the landscape safer.

Todd: When doing, you know, research for this episode, looking at your backgrounds and a lot of the information you have on your website, obviously, you make it very apparent about the no-code portion of this solution. So, why no-code and then first tell us a little bit more about the benefits and then how much of a learning curve is there amongst financial service executives, some of the clients that you mentioned, you know, with no-code. I mean, from my perspective, I'm starting to hear it a lot more in fintech and financial services but tell us a little bit more about that decision and kind of how clients are adopting to what you're building.

Sachin: Yeah, great question. So, I think as part of research the one thing we gathered is the risk teams, the discovery risk teams are on the list and so on, they have a lot of room in knowledge about the business that I just thought they were going to catch and so on, but we're not necessarily be the ones that write the code. And so, we had the separation of responsibilities where there was the risk team that knows the business and then the engineering team that builds the system and we realized that that separation was actually causing several problems.

The risk teams were not autonomous, they had to confer with our engineers to go build things or make small tweaks and they were slowing them down and making their fraud detection efforts much less effective. I think that's where no-code comes in where you don't have to depend on engineers to make it more seamless, the engineers can focus on the core product while the discovery risk team can try out many things and experiment very quickly and apply all their business knowledge to solving the problem without being blocked so that autonomy was really working. And so, we have created a system in a way that our teams can get started in minutes, it's intuitive, you don't have to know anything else that is not.....there is no new BSL that they need to learn as long as SQL to be able to go.

Essentially, we have seen most teams know SQL already so they can get going and it's very consistent with their experiences and nothing new to them. And so, getting that pre-signal starting from okay, there is a fraud emerging, to finding a solution to it, deploying it then seeing that fraud go down or get detected quickly, that should happen in minutes and with that as the goal, no-code was the way to go, we could not have done that without no-code.

Todd: You know, you also make a point to say the solution is out-of-the-box and, I mean, how much faster is that for clients when they're saying alright, you know, I have all of these fraud, potential options I have, all these credit options, but, you know, I can't afford to do a 12-month proof of concept or 18 months and, all of sudden, now we're starting to get going, we need to get going today, I need to protect my customers today and I need to continue bringing in new customers. So, how important was that to focus on out-of-the-box and how much faster does it get to market versus maybe the traditional POC type way.

Sachin: Yeah, absolutely. So, I think out-of-the-box solutions are incredibly buttoned because of time to market, I think you hit the nail on the head. There are so many risk vectors at play that people have to deal with expecting that they'd put all of those together in a very short time frame doesn't happen, like if you go to POC approach it does take like several months to get everything together and so on. And so, the out-of-the-box play that is really buttoned allows them to go to market, but also scale or add new products, new capabilities on top of existing products.

And so, I think models out-of-the-box that we offer gives them a much sharper runway in getting to market. That doesn't preclude them from doing sort of the detailed tuning or having their own machine learning model and so on so it's not one or the other. So, people use one to get started out-of-the-box to get started and then over time, as you learn more they can add their own distinct features on the same platform, they don't have to learn a new platform or do things differently, I think that combination works really well.

Todd: You're getting ahead of my next question which was, you know, are most clients or those that you're talking to looking for one of your solutions, kind of the whole suite of solutions, kind of how are they looking at the various things that you provide right now?

Sachin: Yes. So, also it's designed to be a modular platform so it's not a (inaudible) so most customers start with one solution and we have several. We have solutions around credit underwriting, we have solutions for account people or synthetic ID and actual monitoring so on and so most customers start with one and then over time, expand into others. that makes the whole process much simpler for them. There's only one problem they see such as this one's really works, great, now lets start adding more so we have seen people start monitoring and over time starting with a solution for credit underwriting and vice versa so I think both are possible, that upgrade is seamless, you don't have to do sort of a whole separate thing.

Another reason why it's seamless is we don't impose a specific data scheme. We found that customers who were spending tons of time doing data mapping between that and data format to the format that was imposed by a vendor and that was not going to work because that's going to take weeks to months and that's all the time that people have or should be spending on this. And so, we don't impose a scheme which means that they're spending zero time on doing any mapping. Whatever scheme they have, send their data in, we would (garbled).

Todd: We've talked a little bit about your backgrounds, you also have people in the team that had worked for Apple and Uber and LinkedIn, I mean, how important is it when designing, you know, a solution or solutions like you are to have those different perspectives come to the table, you know, and

pair that with your backgrounds because you have so much experience, whether it be at Apple or Uber that gives you the perspectives that the customer might ultimately have.

Sachin: Yeah, absolutely. So, I think the diversity of perspective is actually incredibly important. If you look at our backgrounds and the different people that we have hired and our founding team is formed, they're social networks. That is sort of the marketplace like Uber, Apple, one of the top ten companies in the world, very different experiences and those help us come up with a solution that will work in a broad set of cases.

So, I think that diversity was important, we were very intentional about hiring people and getting the founding team with a lot of these experiences and this came up in our conversations with the 100 plus students that we talked to before starting the company. It was clear that the challenges are similar, but there are enough differences as well that need to be accounted for in the solution and so I think that's where the diversity of the engineering team to begin with was actually quite…….

Todd: These days you have, you know, Uber's becoming a financial service company, Apple's becoming a financial services company, I mean, it's starting to mix all across the different industries that, you know, these types of solutions, I'm sure, as a founder yourself you're looking alright, fintech is here, but Apple's becoming a fintech and others are becoming a fintech, you know, the universe is expanding.

Neha: You're exactly right. That's what we see, that's the trend and that's one of the reasons why we're so excited about bringing this kind of solution into the market.

Todd: On the fraud piece, you know, you obviously touched on it earlier in our conversation with the onset of COVID and we went to so much digital transaction, more digital transaction ever seen before, pretty short time frame, do you think fraud is finally getting the attention it deserves across fintech and kind of financial services that it's kind of risen to almost the top of the stack and do you think with that, you know, fraudsters share openly in public. Can the good actors or the fighters do better, it may be sharing, not necessarily in a public space with a lot of the stuff they deal with, but in some ways that can help each other because ultimately if J.P. Morgan's hit, it doesn't help Bank of America even if they are competitors.

Neha: Yeah, exactly. If you study the last five years and the trends, there certainly has been a growing attention due to the massive problem of fraud, right. And if you look at the banks, in the past they had formed a consortium and they have that where they band together and from a payment rail perspective have something going there. I think we need a similar consortium on the good actors, the fraud vendors' side where everyone can come together and foster this data sharing which makes everyone's products better as compared to when they were operating in their own landscape.

But what's happening right now, at least what I see, is there are some startups that are trying to form their own consortiums and trying to keep it closed to their own customers and that just limits the, you know, data that their customers can get from just themselves. I'm really looking forward to a consortium which is more independent, you know, that can bring together all the vendors and then, therefore, be a much, much more powerful tool in our tool kit to fight fraud.

Todd: You've mentioned you've been on stealth for a couple of years, you know, what are some of the lessons that you've learned from when you started to when, you know, you just launched recently, you had all that time in stealth, what are the things that you've learned maybe about yourself being a founder or about the company that you can share with others that might listen to the episode.

Neha: Well, about myself, what I've learned is to not compare Oscilar's journey with my previous company, Confluence, where, you know, we saw a large margin of success in a very short amount of time. And, you know, if there's something I would change about our Oscilar journey, it is that we should have started the company much earlier than we actually did, some amount of research is very useful, but starting it earlier would have been even more useful.

Sachin: I think, sometimes the timing was really right. Neha being the computer expert and her experience at Confluence, it was clear that real-time is not the end and real-time here, like that combination technology has finally caught up to what we'll need to catch fraud very quickly. And so, I think that came through together very nicely and so, yeah, maybe a little bit before would have been fine, but I think the timing is just right for the technology batch.

Todd: Tell us more about, you know, how big is the team today, you mentioned top engineering talent, what's the make up of the team, is it 90% engineers, tell us a little bit more about those that are around you helping you to build Oscilar.

Sachin: So, we have a fantastic team, we have about 30 people, mostly engineers with decades of experience from Facebook, now Meta, Google, Uber, Confluence and so on with deep expertise in building highly scalable real-time AI systems and so I think that's the expertise we have been looking for. We also have analysts and data scientists who have dealt with fraud and machine learning all their careers and so they also bring interesting perspectives on how the system really gets used and a real-time sort of perspective on what we need to build, not just engineering. We are building things, we're also a user view on what needs to happen, so I think that combination has been very effective, and I think in the post-COVID world where being remote first is the norm. We, of course, are spread out to the US, Europe, I those are a diversity of ideas which is also helpful because even though there are many similarities and also differences in how things get used in different patterns across Europe and the US.

Todd: I see that you've raised some outside capital, you know, from investors, how was fundraising maybe compared to previous ventures, at least for you, Neha. You know, what did you learn that maybe you didn't know about Oscilar through those investors pitches and talking to investors that huh, maybe we should do this or potentially implement that. Along the way, do you learn stuff like that in pitches, tell us a little bit more about how fundraising went.

Neha: Yeah. So, it's part of our public launch, we announced that we are self-funding the company with $20 Million opting to not take outside funding so that we could quickly build and scale the company. We are fortunate to have received strong interest from investors and we look forward to exploring fundraising opportunities at the right time in the future to bring in the right advisors to the company.

Todd: So, we have just a few minutes left. I like to end a little bit lighter than we started and so, you know, a couple of fun questions to end. But first, I know that you two are married, how is it working with your spouse and kind of was there any reservations ultimately, like when you're thinking of starting a company or working at the same company together, you know, does anything come into play like hey, maybe we shouldn't do this, just as a curiosity from my standpoint.

Sachin: Neha,you want me to take this?

Neha: Yeah.

Sachin: Okay (laughs). So, we actually talked to several co-founders who were couples themselves to learn from their experience on what and what did not work and one thing they said consistently is have a clean separation of responsibilities. If you have that, it gives you the chances of success dramatically, if you don't have that, you will fail, in no uncertain words, you will fail. It was not there is a chance of failure, no, you're going to fail if you don't have a clean separation. And so, before we started, well okay, this makes sense, let's have a clean separation that way, this was a clear lesson and so we did that. So, Neha focuses a lot on go-to-market, the product aspects of the company and so on and I focus on the engineering aspects, building of the product and that also leads to our interests and strengths. And so, it has worked out really well, I would do this again if I had the chance.

Todd: So, on to those questions, do you have a favorite book or the last book that you read.

Neha: Not too many favorite books to name one, the last book I read which really fascinated me was "Outlive" by Dr. Peter Attia.

Todd: Sachin, any favorites on the book side?

Sachin: I think on the book side, I'm spending most of my time reading about raising children.

Todd: Yes, children, I have two so it's an adventure that never ends, that's for sure. Obviously, as founders you need to be fresh and present for your team, do you do anything specific to unwind, take your mind off work and not burn yourselves out?

Neha: I love to unwind by playing with our son, it's really fun to.....

Todd: It works.

Neha: ...see the world through his eyes and really sort of take the weight off your shoulders.

Sachin: I like to play soccer so every Sunday is soccer time, gives me good exercise and then I feel sort of this is good, I feel better with some friends along the way and then, of course, playing with our son, he's the highlight of the weekends.

Todd: You mentioned soccer, I'm assuming that's your favorite sport, do you have any other sports that you play or sport teams that you might root for?

Sachin: I don't play American football, but I root for Steelers.

Todd: Ah, okay.

Sachin: They won the Super Bowl that year during my first year in the US, I've been following them since, not doing so greatly recently, but that could change anyway soon.

Todd: Yeah, we'll see. Favorite vacation spot?

Neha: For me, it's the Italian Dolomites.

Sachin: I like to go to India, it's a great culmination meeting family, there's a lot of interesting food. I have a list of many places that I want to eat at every time I go (garbled) colorful, fun so that's my favorite place to go.

Todd: And then final question what's your biggest inspiration, what inspires you to kind of keep going, get at it every day, you know, what's inspirational to you?

Neha: For me, it's my Dad who inspired me to be an independent thinker and an entrepreneur and I strive to do this and continue to be successful at it to make him proud from wherever he is.

Sachin: For me, my parents as well, it's an interesting combination that they also have a business together, and very different personalities too. Unlike my Mom, go get things done quickly and so on and my Dad is more of a thinker and so that combination worked out well for them. Neha and I are not that different, we are similar in many ways, but learning from my parents how they operate business and how they went about starting a business. It was not easy for a woman to start a business in those days. I think I would say my parents would be my inspiration.

Todd: Well, Nehan and Sachin, I greatly appreciate you spending some time with me and thank you for coming on the show. If someone wanted to reach out and start a conversation or wanted to talk to you, how can they do that, how can they reach out to you or how can they reach out to Oscilar?

Nehan: One way to reach us is just our About Us contact page, the other way to reach me is LinkedIn.

Todd: Well, again, appreciate you coming on the show, you know, continued success to you and the team and hopefully, we'll get you back sometime in the future.

Neha: Thank you for having us, it was a lot of fun.

Todd: Of course, thank you.

Sachin: Thank you, Todd

Neha: Bye.

Todd: Thank you.