IM-*PROVE*-ING IDENTITY VERIFICATION & AUTHENTICATION
FOR TODAY'S DIGITAL WORLD

Stack Capital has invested $3.8 million USD into Prove Identity, Inc. ("Prove"), a leading provider of digital consumer identity verification and authentication solutions. Designed specifically for a mobile-centric world, its technology modernizes the way consumers verify who they are with ease, accuracy, and privacy. The mobile phone has become the master key of daily life for most of the world and Prove has embraced that reality, making its phone-centric solutions the modern way of confirming identity.

In a world of ever-increasing cybersecurity risks, 'digital trust' is under daily assault by hackers, nation-state attacks, deep fakes, and automated bots that all undermine the ability of companies and consumers to trust one another online. People are constantly being asked for password updates, dual factor authentication, CAPTCHAs, and other security questions when all they are trying to do is log into their accounts to accomplish everyday tasks such as signing up for new services, sending money to a friend, or ordering food.

Prove serves as mission-critical infrastructure by leveraging Phone-Centric Identity™ to secure critical aspects of digital life in areas such as banking, commerce, payments, cryptocurrency, gaming, insurance, and healthcare. Its solutions enable consumers and businesses to transact with the trust, speed, ease, and privacy needed to keep the digital economy operating and growing.

WHAT IS PHONE-CENTRIC IDENTITY™?

This refers specifically to technology that leverages and analyzes mobile, telecom and other signals for the purposes of identity verification, identity authentication and fraud prevention. Prove is a leader in this space and creates a real-world identity to an individual using phone-centric identity. While the mechanics behind this innovative technology and solution is quite complex, it boils down to three key factors:

1) **Possession** – *Is this really the customer in possession of the mobile device?*

   Ensuring that the correct individual is in possession of his/her mobile phone at the precise moment a transaction occurs is critical when attempting to verify identity and prevent fraud. Prove's solutions help to make sure that the proper individual is on the other end of the interaction.

2) **Reputation** – *Are there risky changes or suspicious behaviors associated with the phone number?*

Typically, most people have had the same phone number for a long time, and upgrade phones only every few years. Compare that to a burner phone, or a phone that underwent a recent SIM swap, or a phone number that was registered for the first time. These types of events and/or scenarios lower the reputation score of the phone itself, which allows companies to flag the device regardless of the customer activity.

3) **Ownership** – *Is this really the customer associated with the phone number?*

It is crucial to associate a phone number to a person when confirming that the customer is in possession of the phone. Otherwise, the wrong person may be verified. This means knowing when a customer truly gets a new phone number or knowing that phone number is still associated with a person even if they switch carriers.

Phone-Centric Identity™ signals for a given consumer typically go back many years, given that most people have owned mobile phones from a relatively young age. In terms of consistency, Phone-Centric Identity™ signals provide one of the best views into whether a consumer's activity is inconsistent with their regular activity, signalling potential suspicious behaviour. This stands in stark contrast to social security numbers or passwords, which can be easily purchased on the dark web by hackers and used to break into consumers accounts. To hack phone centric identity-based verification and authentication, a fraudster would need to buy a phone in the victim's name, pay for it over several years, and use it to make calls and log into apps daily to mimic the victim's behaviour. While this is theoretically possible, it certainly is not likely, scalable or worth the time of most criminals.

PROVE SOLUTIONS INCLUDE:

1) **Prove Pre-fill**™, designed specifically for onboarding & digital acquisition applications, which helps companies increase signups and mitigate account opening fraud by authenticating consumer identities and auto-filling verified data in any channel. Imagine not having to remember your SIN number or other relevant personal information when applying for a credit card. According to Prove, this solution helped drive $1 billion in additional sales for a major US credit card issuer after implementation[1].

2) **Fonebook**™ for digital servicing, which helps companies access a single identity authentication platform that reduces complexity and total cost of ownership to create a holistic view of your customer across their entire channels. Manage, add, and update customer phone numbers to ensure you always have the right number for your customer; secure transactions across multiple digital servicing use cases such as login, high-risk transactions, call center, and password-less login.

PROVE'S RECENT ACQUISITION

The recent acquisition of UnifyID will enable Prove to bolster its authentication solution, making it more streamlined. Authentication is a constant form of user friction, with existing solutions focused on questions based on information readily available through public records, a credit report for an individual consumer (such as a social security number, or past home addresses), or a personal credit card number. These types of 'knowledge-based' factors are increasingly worthless for identity verification purposes because they are hard to keep secret in the era of data breach. They can also be

frustrating for end users and cause friction for both consumers and businesses trying to transact efficiently in the digital era.

UnifyID, on the other hand, uses powerful behavioural biometric techniques to verify individuals. Imagine your phone being able to verify your identity based on the gate of your stride; or being able to determine that an individual's phone has been stolen based on the velocity of movement by the phone itself. The acquisition of UnifyID will allow Prove to further reduce the friction of entering passwords to authenticate users – relying instead on behavioural biometrics.

IMPRESSIVE EXISTING CUSTOMER BASE

Currently used by over 1,000 businesses across 200+ countries, including nine of the top ten financial institutions in the United States, the digital 'trust' that the Prove solutions deliver enable businesses to streamline customer acquisition and provide frictionless servicing, while mitigating fraud and enhancing consumer data privacy and choice. The cloud solutions and phone intelligence-driven APIs offered by Prove are easily orchestrated to modernize every aspect of a business and its digital operations, from onboarding, to servicing, to payments – aimed at delivering the highest approve rates while mitigating fraud. Recently named to Deloitte's Technology Fast 500 List for 2021, Prove achieved significant growth during 2017-2020, and is now only one of twenty-nine companies to have made the list at least five times.

Some of Prove's existing customers include:

WHY ALL OF THIS MATTERS IN TODAY'S WORLD?

Global e-commerce is growing rapidly, however, for this to continue both companies and individual consumers require leading edge technology to provide a heightened level of trust and security. The global COVID-19 pandemic has increased adoption in the digital world and forced many institutions to change their processes to involve remote authentication. This pulled forward demand for improved identity authentication and while maintaining a high-quality user experience. Cyber security risk has also increased dramatically as more time is being spent online and more value is being transacted online than at any point in history. Prove's solutions not only address the cyber security and fraud risk but also make the identity verification process easier by decreasing friction for consumers, and helping companies reduce the risk of abandoned applications and lengthy wait times – leading to increased revenues.

Prove's solutions allow consumers and businesses alike to transact with the trust, speed, ease, and privacy needed to keep the digital economy humming. Through its Phone-Centric Identity™ solution, which focuses on key factors such as possession, reputation, and ownership to authenticate users, as well as its Prove Pre-fill™ and Fonebook™ solutions, Prove is extremely well-positioned to solve the cyber-security threats that exist today, and those of tomorrow, which will help enable global ecommerce to continue flourishing.

Stack is extremely excited to invest in Prove and believes that the combination of its leading identity and authentication solutions, spirit of innovation, impressive existing customer base, and the likelihood of increased global adoption will help drive future growth.

INVESTMENT OVERVIEW

Leader in consumer identity verification and authentication
- Innovative solutions designed to protect against identity theft and professional hackers
- Instant mobile-authentication solutions help reduce fraud and enhance the customer experience, while reducing friction

Globally diversified client base
- 1,000+ existing customers worldwide; across 200+ countries
- Currently used by nine of the top ten financial institutions in the United States
- Existing customers operate across various sectors of the economy including banking, commerce, payments, cryptocurrency, gaming, insurance, healthcare and retail

Attractive growth profile
- As global ecommerce continues to expand, demand for innovative and effective identity verification & authentication solutions will intensify
- Increased adoption of Prove's solutions is projected to fuel growth during the coming years
- Major investors in the company include MassMutual Ventures, TransUnion, Wellington Management, Synchrony Ventures, and American Express Ventures
- Recently named to Deloitte's Technology Fast 500 List for 2021

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[1]   *Data referenced from www.prove.com, accessible through the following link: https://www.prove.com/digital-onboarding*